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**Notice of Convocation of the 173rd
Ordinary General Meeting of Shareholders**



dentsu group

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To our shareholders

Firstly, I would like to take this opportunity to express our sincere gratitude to all our shareholders for your invaluable support.

Also, we would like to express our deepest sympathies to those shareholders who have been affected by the spread of the novel coronavirus. While the pandemic continues to evolve, we would like to inform you that our 173rd Annual Shareholders Meeting will be held as scheduled.

Society has continued to change rapidly since 2020, as national and local governments, businesses, and consumers have all had to reset their conventional wisdom as they respond to coronavirus. Social infrastructure has also had to undergo substantial change to adapt to increasingly diverse consumer value perceptions. As society changes, the clients and corporate partners we work with are facing increasingly complex and sophisticated challenges. At the Dentsu Group, we also face these challenges, but we see them rather as opportunities to contribute to society and grow as a Group. For the growth of our clients and corporate partners, we must work together to uncover these challenges, strive to resolve them, and be prepared to go the distance together until results are achieved. Moreover, in order to contribute to sustainable growth for society, we must have the deepest understanding of “people.”

In order for the Dentsu Group to continue to play a vital role for our clients, corporate partners, and society in these difficult and uncertain times, we will make maximum use of the insight and networks we have cultivated, while also pushing ahead with the structural reform and business transformation of the Group itself. We aim to contribute to the realization of society’s “Progress for Good” through our work of supporting our clients, partners, employees, and every customer of our clients’.

On behalf of the Dentsu Group, I am very grateful for the guidance from our shareholders and would like to ask for your continued support to the ongoing development of the Group.



Toshihiro Yamamoto
Representative Director
Dentsu Group Inc.

Measures to Prevent the Spread of COVID-19 at the Company's 173rd Ordinary General Meeting of Shareholders

We will hold the 173rd Ordinary General Meeting of Shareholders on Wednesday, March 30, 2022, but please note the following requests for our shareholders and measures to be taken by the Company to prevent the spread of COVID-19, as described below.

We ask for the understanding and cooperation of our shareholders.

Request and information for our shareholders _____

- In a bid to prevent the spread of COVID-19, we strongly recommend that our shareholders exercise their voting rights in advance in writing or via the Internet for this year's meeting. The deadline for exercising voting rights in writing or via the Internet is no later than 5:30 PM, Tuesday, March 29, 2022. For details, please refer to pages 5 to 6 of the notice of convocation.
- Please carefully check infection situations and any announcements from the national and local governments until the day of the meeting, and fully consider refraining from attending the meeting in person regardless of your health condition, even if you wish to do so. Especially, elderly people, those with underlying illness, and pregnant people are kindly asked to make a careful decision about attending in person.

Request and information for the shareholders attending the meeting _____

- We may take your temperature at the hall entrance on the day of the meeting. Anyone found to have a fever and other symptoms may be denied entry and asked to leave the venue.
- Please wear face masks at all times and use alcohol sanitizers inside the venue.
- There will be fewer seats than in previous years as they are arranged to maintain distance for the infection prevention purpose. Please be aware that entry may be limited if available seats become full.

Measures taken by the Company _____

- The meeting will run shorter than in previous years.
- Officers who will be speaking and event staff will be wearing face masks.
- Event staff may ask anyone who appears to be unwell to leave the venue.
- The meeting will be held with the doors of the venue kept open.

We will post a notice on our website in the event that there is a major change to the scheduled holding and running of the meeting due to future circumstances.

Thank you for your understanding and cooperation.

Exercising of Voting Rights

Voting rights are an important way for all shareholders to participate in the management of Dentsu Group Inc (the “Company”). Voting rights may be exercised using the methods shown below.

Please exercise your voting rights after consideration of the Reference Material for the General Meeting of Shareholders.

Attendance at the General Meeting of Shareholders	Exercising voting rights by mail	Exercising voting rights online
<p>Please submit the enclosed Voting Rights Exercise Form to the receptionist at the meeting venue.</p> <p>Please bring this Notice of Convocation to the meeting as reference material.</p>	<p>Please indicate “for” or “against” for each proposal shown on the enclosed Voting Rights Exercise Form, and return it by mail.</p>	<p>Voting rights may be exercised online. Please see the next page for details.</p>
<p>Meeting date and time</p> <p>10:00 AM, March 30 (Wed.), 2022 (Doors are scheduled to open at 9:00 AM)</p>	<p>Deadline for exercising voting rights by mail</p> <p>Must be received by 5:30 PM, March 29 (Tue.), 2022</p>	<p>Deadline for exercising voting rights online</p> <p>Must be lodged by 5:30 PM, March 29 (Tue.), 2022</p>

How to complete the Voting Rights Exercise Form

Voting Rights Exercise Form

Cut and post this part.

Please indicate “for” or “against” for each proposal here.

<p style="font-weight: bold; font-size: small;">Proposal No. 1 and No. 2</p> <ul style="list-style-type: none"> <li style="margin-bottom: 5px;">▶ If you agree, circle “for (贊)” <li style="margin-bottom: 5px;">▶ If you disagree, circle “against (否)” 	<p style="font-weight: bold; font-size: small;">Proposal No. 3 and No. 4*</p> <ul style="list-style-type: none"> <li style="margin-bottom: 5px;">▶ If you agree with the election of all candidates, circle “for (贊)” <li style="margin-bottom: 5px;">▶ If you disagree with the election of all candidates, circle “against (否)”
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* To indicate different votes for some candidate(s), please write the relevant candidate number(s).

Please take note of the following matters when exercising voting rights.

- (1) Voting rights may be exercised by nominating one proxy who is also a shareholder to attend the General Meeting of Shareholders. However, in this case the nominated proxy must submit written proof of his/her right of proxy.
- (2) If voting rights are exercised both through the Voting Rights Exercise Form and online, only the voting rights exercised online will be deemed valid.
- (3) If voting rights are exercised online multiple times, only the voting rights exercised last will be deemed valid. The same provision applies where voting rights are exercised online multiple times through different media such as computers, smartphones and cell phones.

Exercising Voting Rights Online

Voting rights may only be exercised online by accessing the website designated for exercising voting rights from a computer or smartphone.

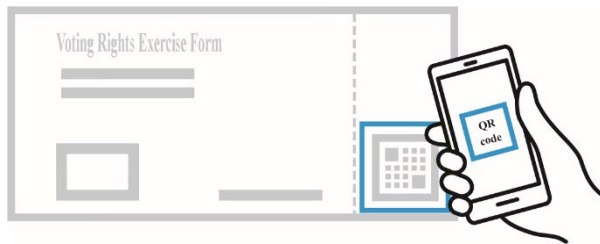
Please access the website designated for exercising voting rights and select “for” or “against.”

Deadline for exercising voting rights online: 5:30 PM, March 29 (Tue.), 2022

Voting by scanning the QR code

Using the QR code shown on the bottom-right of the Voting Rights Exercise Form, it is possible to login to the website designated for exercising voting rights without entering a “login ID” or “temporary password.”

Scan the QR code shown on the bottom-right of your Voting Rights Exercise Form.



* It may not be possible to login using the QR code on some smartphone models.

You can only login once using the QR code.

To login more than once, or to login without the QR code, please see the instructions to the right on “Entering a login ID and temporary password.”

Voting by entering a login ID and temporary password

- 1 Access the website designated for exercising voting rights.

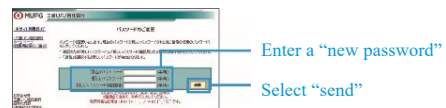
Website: <https://evote.tr.mufg.jp/>

- 2 Enter the “login ID” and “temporary password” shown on the bottom-right of your Voting Rights Exercise Form, and select “Login.”



* An example of the screen shown when accessing the website on a computer.

- 3 Register a new password.



Follow the instructions on the screen to enter “for” or “against” for each proposal.

Inquiries related to using the website designated for exercising voting rights

Please direct inquiries regarding the use of the website designated for exercising voting rights to:

Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department

0120-173-027 (toll-free call, reception hours: 9:00 AM - 9:00 PM)

To Our Shareholders

1-8-1, Higashi-shimbashi, Minato-ku, Tokyo
Dentsu Group Inc.
Toshihiro Yamamoto, Representative Director

Notice of Convocation of the 173rd Ordinary General Meeting of Shareholders

We would like to express our sincere gratitude for your continued support.

You are cordially invited to attend the 173rd Ordinary General Meeting of Shareholders. The meeting will be held as follows.

We will hold the meeting with appropriate measures in place to prevent COVID-19 infections according to the infection situation on the day.

Notice concerning items posted on the Company's website

Of the business report, consolidated financial statements, and financial statements that were audited by the Audit and Supervisory Committee and the Accounting Auditor during the preparation of their respective audit reports, the documents attached to this notice of convocation exclude the following items. Pursuant to laws and regulations and Article 19 of the Company's Articles of Incorporation, these items are available on the **Company's website** (<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>) and are not contained within the attached documents.

1. Business Report:

- II Shares and Subscription Rights to Shares (All)
- III Items Related to the Company Executives
 - 2. Situation of Important Con-current Posts
 - 6. Items Related to Outside Directors
- IV Items Related to the Accounting Auditor (All)
- V Company System and Policy (All)

2. Consolidated Financial Statements:

- Notes to Consolidated Financial Statements (All)

3. Financial Statements:

- Notes to Nonconsolidated Financial Statements (All)

If there are any corrections to items in the Reference Material for the General Meeting of Shareholders, business report, consolidated financial statements, and financial statements, they will be promptly posted on the Dentsu website (<https://www.group.dentsu.com/en/news/>).

1.	Date and Time	10:00 AM, March 30 (Wed.), 2022 *Doors are scheduled to open at 9:00 AM.
2.	Place	8-21-1, Ginza, Chuo-ku, Tokyo Sumitomo Realty & Development Shiodome Hamarikyu Building, Belle Salle Shiodome
3.	Agenda of the Meeting	<p>Matters to be Reported</p> <p>(1) Business report for the 173rd business term (January 1, 2021 to December 31, 2021), consolidated financial statements, and audit reports on consolidated financial statements by the Accounting Auditor and Audit and Supervisory Committee</p> <p>(2) Report on financial statements for the 173rd business term (January 1, 2021 to December 31, 2021)</p> <p>Proposals to be Resolved</p> <p>Proposal No.1 Partial Amendments to the Articles of Incorporation (introduction of a system for electronic provision of materials for general meetings of shareholders)</p> <p>Proposal No.2 Partial Amendments to the Articles of Incorporation (maximum number of Directors who are members of the Audit and Supervisory Committee)</p> <p>Proposal No. 3 Appointment of 7 Directors who are not members of the Audit and Supervisory Committee</p> <p>Proposal No. 4 Appointment of 6 Directors who are members of the Audit and Supervisory Committee</p>

In a bid to prevent the spread of COVID-19, we strongly recommend that our shareholders exercise their voting rights in advance in writing or via the Internet for this year's meeting. If you are attending the meeting, please bring this notice of convocation with you and submit the enclosed voting form at the front desk.

We have not prepared gifts for shareholders who attend the meeting. We appreciate your understanding.

Reference Material for the General Meeting of Shareholders

Proposals and Reference Material

Proposal No. 1

Partial Amendments to the Articles of Incorporation (introduction of a system for electronic provision of materials for general meetings of shareholders)

1. Reasons for the proposal

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions to the Act Partially Amending the Companies Act (Act No. 70 of 2019) will come into force on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 19, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 19, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the internet disclosure and deemed provision of the reference materials for the general meeting of shareholders, etc. (Article 19 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Contents of the amendments

The current Articles of Incorporation shall be partially amended as follows.

(Portions to be amended are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>ARTICLE 19 INTERNET DISCLOSURE AND DEEMED PROVISION OF REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS, ETC.</u></p> <p><u>The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference materials for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p>	<p><Deleted></p>

Current Articles of Incorporation	Proposed Amendments
<Newly established>	<p><u>ARTICLE 19 MEASURES FOR ELECTRONIC PROVISION, ETC.</u></p> <p>1. <u>The Company shall, when convening a general meeting of shareholders, provide information contained in the reference materials for the general meeting of shareholders, etc. electronically.</u></p> <p>2. <u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p> <p><u>Supplementary provisions</u></p>
<Newly established>	<p>1. <u>The deletion of Article 19 (INTERNET DISCLOSURE AND DEEMED PROVISION OF REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS, ETC.) of the current Articles of Incorporation and the proposed Article 19 (MEASURES FOR ELECTRONIC PROVISION, ETC.) shall come into effect on the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u></p> <p>2. <u>Notwithstanding the provisions of the preceding paragraph, Article 19 of the current Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</u></p> <p>3. <u>These supplementary provisions shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposal No. 2

Partial Amendments to the Articles of Incorporation (maximum number of Directors who are members of the Audit and Supervisory Committee)

1. Reasons for the proposal

The maximum number of Directors who are members of the Audit and Supervisory Committee, prescribed in Article 20, Paragraph 2 of the current Articles of Incorporation (NUMBER OF DIRECTORS), shall be amended from five to six, for the purpose of further strengthening the audit and supervision of governance of the Dentsu Group.

2. Contents of the amendments

The current Articles of Incorporation shall be partially amended as follows.

(Portions to be amended are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>ARTICLE 20 NUMBER OF DIRECTORS</p> <p>1. (Omitted)</p> <p>2. Among the Directors described in the preceding paragraph, the Company shall have no more than <u>five (5)</u> Directors who are Audit and Supervisory Committee Members.</p>	<p>ARTICLE 20 NUMBER OF DIRECTORS</p> <p>1. (Unchanged)</p> <p>2. Among the Directors described in the preceding paragraph, the Company shall have no more than <u>six (6)</u> Directors who are Audit and Supervisory Committee Members.</p>

Appointment of 7 Directors who are not members of the Audit and Supervisory Committee

The terms of office of eight directors who are not members of the Audit and Supervisory Committee will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, we request the appointment of seven directors who are not members of the Audit and Supervisory Committee.

The terms of office for directors who are not members of the Audit and Supervisory Committee appointed at this General Meeting of Shareholders shall be until the end of the Ordinary General Meeting of Shareholders to be held in March 2023.

The Audit and Supervisory Committee admitted that each candidate is proper as a director who is not a member of the Audit and Supervisory Committee since the Nomination Committee reviewed determination policy and process of the nomination plan of director candidates which the board of Directors submitted to the Nomination Committee.

The candidates for directors who are not members of the Audit and Supervisory Committee are as follows.



Candidate Number

1 Timothy Andree

Candidate for director

Date of birth: April 28, 1961. 60 years old

No. of Dentsu Shares Held					
11,665 shares (actually held); maximum 76,818 shares (under performance-based stock compensation)					
Board of Directors meeting attended					
100% (16/16)					
Bio, Position and Responsibilities					
March 2002	Senior Vice President,	April 2012	Senior Vice President, Dentsu Inc.		
	Communications & Marketing, The	April 2013	Executive Vice President, Dentsu Inc.		
	National Basketball Association	June 2013	Director, Executive Vice President, Dentsu Inc.		
December 2005	CCO (Chief Communication Officer), BASF Corporation	January 2018	Director, Executive Officer, Dentsu Inc.		
May 2006	CEO, Dentsu America, LLC.	January 2020	Director, Executive Vice President, Dentsu Group Inc.		
June 2008	Executive Officer, Dentsu Inc.	September 2020	Executive Chairman, Dentsu International Limited		
November 2008	President & CEO, Dentsu Holdings USA, LLC.	March 2021	Representative Director, Executive Vice President, Dentsu Group Inc.		
		January 2022	Representative Director, Dentsu Group Inc. (current)		

Reason for candidacy as a Director who is not an Audit and Supervisory Committee Member

Mr. Timothy Andree has operational experience overseas and possesses a wealth of experience from a managerial standpoint. Being Executive Officer of Dentsu Inc. since June 2008, Director, Executive Vice President of Dentsu Inc. since June 2013, and Director, Executive Vice President of Dentsu Group Inc. since January 2020, he has actively provided opinions and advice, etc., concerning group management from the standpoint of overseas operations management and enhanced the presence of overseas operations, thereby contributing to enhancing corporate value of the Company. From these achievements, the Company expects him to continue to utilize his experience, etc., in strengthening the supervisory function of the Board of Directors, achieving sustainable growth and enhancing corporate value. If his appointment is approved, he will be selected as a Chairman of the Board of Directors as a Non-Executive Director.



Candidate Number

2

Hiroshi Igarashi

Candidate for director

Date of birth: July 23, 1960, 61 years old

Responsibilities : President and CEO
 No. of Dentsu Shares Held
 5,056 shares (actually held); maximum 44,335 shares (under performance-based stock compensation)
 Board of Directors meetings attended
 100% (16/16)

Bio, Position and Responsibilities

April 1984	Joined Dentsu Inc.	January 2022	Director, President and CEO, Dentsu Group Inc. (current)
April 2013	Managing Director, account Management Division, Dentsu Inc.	January 2022	Representative Director, Dentsu Inc. (current)
January 2017	Executive Officer, Dentsu Inc.		
March 2018	Director, Executive Officer, Dentsu Inc.		
January 2020	Representative Director, President and CEO, Dentsu Inc.		

Reason for candidacy as a Director who is not an Audit and Supervisory Committee Member

Mr. Hiroshi Igarashi has operational experience in account management. Being Executive Officer of Dentsu Inc. since January 2017 and Director, Executive Officer of Dentsu Inc. since March 2018, he has actively provided opinions and advice etc. on transforming the Group's businesses, from his standpoint as domestic operation top management and contributed to enhancing corporate value of the Company. From these achievements, the Company expects him to continue to utilize his experience, etc., in group management administration and supervision. If his appointment is approved, he will be selected as a representative director.

Situation of important concurrent posts

- Non-Executive Chairman of the Board, Dentsu International Limited



Candidate Number

3

Arinobu Soga

Candidate for director

Date of birth: March 27, 1965, 56 years old

Responsibilities : Vice President and CFO
 No. of Dentsu Shares Held
 2,000 shares (actually held); maximum 32,182 shares (under performance-based stock compensation)
 Board of Directors meetings attended
 100% (16/16)

Bio, Position and Responsibilities

April 1988	Joined Dentsu Inc.	March 2017	Director, Executive Officer, Dentsu Inc.
June 2015	Managing Director, Finance & Accounting Division, Dentsu Inc.	January 2022	Director, Executive Vice President, Dentsu Group Inc. (current)
January 2017	Executive Officer, Managing Director, Corporate Strategy Division, Dentsu Inc.		

Reason for candidacy as a Director who is not an Audit and Supervisory Committee Member

Mr. Arinobu Soga has operational experience in contents sector as well as finance and accounting and possesses a wealth of experience from a managerial standpoint. Being Executive Officer of Dentsu Inc. since January 2017 and Director, Executive Officer of Dentsu Inc. since March 2017, he has actively provided opinions and advice, etc. from his standpoint of corporate strategy, IR, information disclosure and finance and accounting, and contributed to enhancing corporate value of the Company. From these achievements, the Company expects him to continue to utilize his experience, etc., in group management, administration and supervision. If his appointment is approved, he will be selected as a representative director.

Situation of important concurrent posts

- Non-Executive Director, Dentsu International Limited
- Corporate Auditor, CARTA HOLDINGS Inc.



Candidate Number
4

Nick Priday

Candidate for director

Date of birth: June 20, 1974, 47 years old

Responsibilities: Deputy Chief Financial Officer (D-CFO)

No. of Dentsu Shares Held

0 shares (actually held); Maximum 122,373 shares (under performance-based stock compensation)

Board of Directors meeting attended

100% (16/16)

Bio, Position and Responsibilities

August 1996	Audit manager, Ernst & Young	January 2018	Executive Officer, Dentsu Inc.
August 2003	Director, Aegis Group plc	March 2020	Director, Executive Officer, Dentsu Group Inc. (current)
September 2009	CFO, Aegis Group plc		
April 2013	CFO, Dentsu Aegis Network Ltd. (currently Dentsu International Limited)	October 2020	Director, CFO, Dentsu International Limited (current)

Reason for candidacy as a Director who is not an Audit and Supervisory Committee Member

Mr. Nick Priday has a wealth of experience of both financial and managerial perspectives from business experience overseas. Being CFO of Dentsu Aegis Network Ltd. (currently Dentsu International Limited) since April 2013, Executive Officer of Dentsu Inc. since January 2018, and Director, Executive Officer of Dentsu Group Inc. since March 2020, he has contributed to overseas management of our group. From these achievements, the Company expects him to continue to utilize his experience, etc., in group management, administration and supervision.

Situation of important concurrent posts

- Executive Director, CFO, Dentsu International Limited



Candidate Number
5

Wendy Clark

Candidate for director

Date of birth: January 19, 1971, 51 years old

Responsibilities: Dentsu International

No. of Dentsu Shares Held

0 shares (actually held); maximum 262,961 shares (under performance-based stock compensation)

Board of Directors meeting attended

92% (11/12)

Bio, Position and Responsibilities

February 2001	SVP/Director, GSD&M	January 2016	CEO, DDB Worldwide North America
January 2004	SVP, AT&T	February 2018	CEO, DDB Worldwide
January 2008	SVP, The Coca-Cola Company	September 2020	Global CEO, Dentsu Aegis Network Ltd. (currently Dentsu International Limited) (current)
January 2014	President (Sparkling Brands & Strategic Marketing), The Coca Cola Company	September 2020	Executive Officer, Dentsu Group Inc.
		March 2021	Director, Executive Officer, Dentsu Group Inc. (current)

Reason for candidacy as a Director who is not an Audit and Supervisory Committee Member

Ms. Wendy Clark has a wealth of experience of managerial perspective from business experience oversea. Being Global CEO of Dentsu Aegis Network Ltd. (currently Dentsu International Limited) and Executive Officer of the Company since September 2020 (Director, Executive Officer of the Company since March 2021), she has contributed to overseas business of our group. From these achievements, the Company expects her to continue to utilize her experience, etc., in group management, administration and supervision.

Situation of important concurrent posts

- Executive Director, Global CEO, Dentsu International Limited



Candidate Number

6

Norihiro Kuretani

New candidate for director

Date of birth: December 3, 1965, 56 years old

Responsibilities: Dentsu Japan Network

No. of Dentsu Shares Held

3,253 shares (actually held); maximum 31,951 shares (under performance-based stock compensation)

Bio, Position and Responsibilities

April 1988	Joined Dentsu Inc.	January 2020	Director, Executive Vice President, Dentsu Inc.
July 2016	Director, Digital Platform Center, Dentsu Inc.	January 2022	Director, President and CEO, Dentsu Inc. (current)
January 2017	Executive Officer, Dentsu Inc. (current) Representative Director, CEO, Dentsu Digital Inc.		

Reason for candidacy as a Director who is not an Audit and Supervisory Committee Member

Mr. Norihiro Kuretani has a wealth of experience of digital business and possesses a wealth of experience of managerial perspectives as Executive Officer, Dentsu Inc. and Representative Director, CEO of Dentsu Digital Inc. since January 2017, and as Executive Vice President, Dentsu Inc., a significant subsidiary of the Company since January 2020. He contributed to enhancing corporate value of the Company. From these achievements, the Company expects him to continue to utilize his experience, etc., in group management, administration and supervision.

Situation of concurrent posts

- Director, President and CEO, Dentsu Inc.



Candidate Number

7

Yuko Takahashi

New candidate for director

Date of birth: December 19, 1965, 56 years old

No. of Dentsu Shares Held

0 shares (actually held); maximum 25,135 shares (under performance-based stock compensation)

Bio, Position and Responsibilities

October 1992	Joined Century Audit Corporation (currently KPMG AZSA LLC)	January 2020	Executive Officer, Dentsu Inc.
		July 2021	Registered as a CPA
February 2001	Joined Dentsu Inc.	January 2022	Executive Advisor, Dentsu Group, Inc. (current)
January 2017	General Manager, Finance and Accounting Division, Dentsu Inc.		

Reason for candidacy as a Director who is not an Audit and Supervisory Committee Member

Ms. Yuko Takahashi has operational experience in accounting and internal audit, and possesses a wealth of experience of managerial perspectives as an Executive Officer of the Company. She has contributed to enhancing corporate value of the Company. From these achievements, the Company expects her to continue to utilize her experience, etc., in group management, administration and supervision.

- (Note 1) Dentsu International Limited, at which Mr. Hiroshi Igarashi serves as Non-Executive Chairman of the Board, Mr. Arinobu Soga serves as Non-Executive Director, Ms. Wendy Clark serves as Executive Director, Global CEO, and Nick Priday serves as Executive Director, CFO, is a wholly-owned subsidiary of the Company that oversees the Company's overseas business operations and has a business relationship with the Company.
- (Note 2) The Company provides managerial instruction and receives management fee and so forth in return to Dentsu Inc., a wholly owned subsidiary of the Company, at which Mr. Hiroshi Igarashi concurrently serves as Representative Director and Mr. Norihiro Kuretani serves as Director, President and CEO.
- (Note 3) CARTA HOLDINGS INC., at which Mr. Arinobu Soga concurrently serves as Corporate Auditor, has a business relationship with Dentsu Inc., a significant subsidiary of the Company and is a significant subsidiary of the Company as well.
- (Note 4) There are no vested interests between the other director candidates who are not member of the Audit and Supervisory Committee and the Company.
- (Note 5) The explanation on the maximum amount under the performance-based stock compensation plan is as follows:
The maximum amount is the maximum number of common stocks of the Company that may be vested under the Company's or its subsidiaries' performance-based stock compensation plans. Under our performance-based stock compensation plan, executive officers including those who concurrently serve as directors will be granted in each relevant fiscal year (1) the "Basic Units" calculated in accordance with the calculation formula prescribed in the Officers Stock Benefit Regulations as compensation for the performance of their duties, then (2) depending on performance of their duties, the Basic Units will be adjusted in accordance with the calculation formula prescribed in the Officers Stock Benefit Regulations after a lapse of three consecutive fiscal years (the "Business performance Assessment Period"), and (3) in accordance with the units adjusted and finalized through these procedures, they receive common stocks of the Company and an amount of money equivalent to the market value. Under the performance-based stock compensation plan of Dentsu Inc., a subsidiary of the Company, common stocks of the Company will be delivered to its executive officers under basically the same conditions as those of the Company's performance-based stock compensation plan. The Company's overseas subsidiary, Dentsu International Limited, also grants common stocks of the Company to its Senior Leaders under basically the same conditions as the Company's performance-based stock compensation plan, except that the Senior Leaders of Dentsu International Limited must have continuously held the position of Senior Leader during the three fiscal years, which is the performance evaluation period. The above number of stocks of the Company means a calculated maximum amount which can be provided for each candidate as a reward for their performance in the relevant fiscal year under the performance-based stock compensation plan of the Company or its subsidiaries. Thus, the total actual number of common stocks of the Company provided for each candidate vary between 0 and the maximum amount according to the business results of the Company in the Business Performance Assessment Period. For the avoidance of doubt, the voting rights with the stocks provided for executive officers are not exercised until such stocks are received by them.
- (Note 6) The Company has entered into directors and officers liability insurance (D&O insurance) agreement with an insurance company, and all of the candidates for this election proposal except for Ms. Yuko Takahashi are insured under such insurance. Each candidate elected as proposed, including Ms. Yuko Takahashi, will be insured under the same terms of this insurance agreement. The scope of insured persons is directors, executive officers and corporate auditors of the Company and its 36 subsidiaries in Japan, and their heirs. Such insurance covers derivative suit, corporate suit and claims from third parties, but does not cover claims resulting from willful misconduct or gross negligence of directors, executive officers and so forth. The insurance premium is paid in full by the company in which the relevant officer performs his/her duties.
- (Note 7) If the election of each of the candidates in this proposal for appointment is approved, the Company will enter into an indemnity agreement with each of them, which provides that the Company will indemnify the expenses stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses stipulated in Paragraph 1, Item 2 of the same Article to the extent provided for by laws and regulations. In order to ensure that the indemnification agreement does not impair the appropriateness of the execution of duties by the officer, the Company will take measures such as excluding the officer from the indemnification in cases where the officer is with knowledge or grossly negligent in performing his/her duties or where the Company pursues the officer's liability.
- (Note 8) If appointment of Mr. Timothy Andree and Ms. Yuko Takahashi as director who is not a member of the Audit and Supervisory Committee is approved at this general meeting of shareholders, they will be appointed as the Non-Executive Director. In that case, the Company intends to conclude a contract for limitation of liability with them for a maximum liability amount of 10 million yen or the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, whichever is higher.

Appointment of 6 Directors who are members Of the Audit and Supervisory Committee

The terms of office of five directors who are members of the Audit and Supervisory Committee will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, we request the appointment of six directors who are members of the Audit and Supervisory Committee in order to further strengthen and enhance the auditing and supervisory functions of the governance system of the Company's group.

The term of office for directors who are members of the Audit and Supervisory Committee appointed at this General Meeting of Shareholders shall be until the end of the Ordinary General Meeting of Shareholders to be held in March 2024.

This proposal was approved by the Audit and Supervisory Committee.

The candidates for directors who are members of the Audit and Supervisory Committee are as follows.



Candidate
Number

1 Izumi Okoshi

Date of birth: April 29, 1964, 57 years old

Reappointment

No. of Dentsu Shares Held

2,369 shares (actually held)

Board of Directors meeting attended

100% (16/16)

Audit and Supervisory Committee attended

100% (11/11)

Bio, Position, and Responsibilities

October 1989	Joined Social Engineering Research Institute, Inc.	October 2017	EBD, Business D&A Division, Dentsu Inc.
May 1995	Joined Warner Lambert	January 2018	EBD, Dentsu Innovation Initiative, Dentsu Inc.
January 1998	Joined Dentsu Inc.		
April 2014	Senior Specialist, Business Creation Division, Dentsu Inc.	May 2019	EPD, Data Technology Center, Dentsu Inc.
July 2016	ECD, Business Creation Center, Dentsu Inc.	March 2020	Director (member of the Audit and Supervisory Committee), Dentsu Group Inc. (current)

Reason for candidacy as a Director who is a member of the Audit and Supervisory Committee

Ms. Izumi Okoshi has had extensive work experience since joining the Company, mainly in solutions, and has contributed to enhancing the corporate value of the Company from a managerial point of view in business transformation and new business fields. She has contributed to audit and supervise the Company's management as a director who is a member of the Audit and Supervisory Committee since March 2020. From these achievements, the Company expects her to continue to utilize her experience, etc., in management audit.



Candidate
Number

2

Gan Matsui

Date of birth: December 13,
1953, 68 years old

Candidate for independent
outside director

No. of Dentsu Shares Held

0 shares (actually held)

Serving two years as outside director as of the closing of this ordinary shareholders' meeting

Board of Directors meeting attended

100% (16/16)

Bio, Position and Responsibilities

April 1980	Graduated from the Legal Training and Research Institute of Japan, the Supreme Court	February 2017	Chairman of the Independent Advisory Committee on Labor Environment Reform, Dentsu Inc.
October 2007	Prosecutor, Otsu District Public Prosecutors Office	June 2017	Outside Corporate Auditor, Orient Corporation (current)
July 2009	Deputy Prosecutor of the Nagoya High Public Prosecutors Office	June 2018	Outside Director, member of the audit and supervisory committee, Globberide, Inc. (current)
October 2010	Deputy Prosecutor of Osaka High Public Prosecutors Office	June 2018	Outside Corporate Auditor, Totetsu Kogyo Co. (current)
June 2012	Chief Prosecutor General Chairperson of the Supreme Financial Securities Expert Committee	June 2018	Outside Corporate Auditor, Nagase & Co., Ltd. (current)
January 2014	Chief Prosecutor, Yokohama District Prosecutors Office	March 2020	Outside Director who is not a member of the Audit and Supervisory Committee, Dentsu Group Inc. (current)
January 2015	Superintending Prosecutor of Fukuoka High Public Prosecutors Office		
September 2016	Retired public prosecutor		
November 2016	Registered as an attorney at law (Tokyo Bar Association) Yaesu General Law Office (current)		

Reason for candidacy as an Outside Director who is a member of the Audit and Supervisory Committee and expected roles

Mr. Gan Matsui served as a prosecutor for many years at significant positions and was involved in the investigation and trial of a lot of serious cases, mainly in the field of economic and tax. He knows significance of crisis management; and has got abundant knowledge and insight for coping with an emergency case and crisis management. Furthermore, he is serving as chairpersons of so-called third-party investigation committees on compliance or crisis management for several firms and governmental bodies. He also assumes office of outside directors or corporate auditors for some companies.

He was in the position of the chairman of the Independent Advisory Committee on Labor Environment Reform at Dentsu Inc. from February 2017, and actively expressed opinions and proposals. Being Outside Director of the Company who is not a member of Audit and Supervisory Committee since March 2020, he made significant contributions especially to compliance and governance of the Company. Although he has not been engaged in corporate management other than serving as an Outside Director or an Outside Auditor, from these achievements, the Company expects him to utilize his experience etc., in management audit as our outside director who is a member of Audit and Supervisory Committee.

Situation of important concurrent posts

- Attorney, Yaesu Sogo Law Office
- Outside Corporate Auditor, Orient Corporation
- Outside corporate auditor, Nagase & Co., Ltd.
- Outside corporate auditor, Totetsu Kogyo Co.
- Outside director who is a member of the audit and supervisory committee, Globberide, Inc.



Candidate number

3

Paul Candland Date of birth: December 4, 1958 (63 years old)

New candidate for independent outside director

No. of Dentsu Share Held
0 shares (actually held)

Bio, Position and Responsibilities

June 1985	Joined Owens Corning Corporation	June 2007	Representative Director, President, The Walt Disney Company (Japan) Ltd.
April 1987	Joined PepsiCO, Inc.		
November 1994	President, Okinawa pepsi-Cola, Inc.		
April 1998	Representative, Japan Branch, PepsiCo International Ltd.	July 2014	President of The Walt Disney Company, Asia
November 1998	Representative Director and General Manager, The Disney Store Japan, Inc.	September 2018	Managing Director, PMC Partners Co., Ltd.
April 2002	Managing Director, Walt Disney Television International Japan of The Walt Disney Company (Japan) Ltd.	June 2019	Outside Director, YAMAHA CORPORATION (current)
		September 2019	CEO, Age of Learning, Inc. (current)
		November 2021	CEO, Age of Learning Japan, Inc. (current)

Reason for candidacy as an Outside Director who is a member of the Audit and Supervisory Committee and expected roles

Mr. Paul Candland has been involved in the management of the Asian and Japanese subsidiaries of a global entertainment company for many years, and has abundant experience as a global manager and achievements and extensive insight in the digital business field and business development. His experience is expected to bring a variety of perspectives to the Company. From these achievements, the Company expects him to utilize his experience etc., for auditing and supervising our business execution as an outside director who is not a member of Audit and Supervisory Committee.

Situation of important concurrent posts

- Outside Director, YAMAHA CORPORATION
- CEO, Age of Learning, Inc.
- CEO, Age of Learning Japan, Inc.



Candidate Number

4

Andrew House Date of birth: January 23, 1965 (57 years old)

New candidate for independent outside director

No. of Dentsu Shares Held
0 shares (actually held)

Bio, Position and Responsibilities

October 1990	Joined Sony Corporation	October 2017	EVP and Chairman, Sony Interactive Entertainment
October 2005	Group executive and chief marketing officer, Sony Corporation	April 2018	Strategic advisor, Intelity (current)
September 2011	Group executive, president and Global CEO, Sony Computer Entertainment	October 2018	Executive mentor, The Exco Group (current)
April 2016	EVP, President and global CEO, Sony interactive Entertainment	June 2019	Outside director, Nissan Motor CO., Ltd.(current)
		May 2021	Outside director, Nordic Entertainment Group (current)

Reason for candidacy as an Outside Director who is a member of the Audit and Supervisory Committee and expected roles

Mr. Andrew House possesses international management experience. He has abundant experience and achievement as a manager and extensive insight, including promotion of business transformation and strengthening of corporate governance, gained in key posts at global corporations. His experience is expected to bring a variety of perspectives to the Company. From these achievements, the Company expects him to utilize his experience etc., in Group management audit, etc. and further improvement as our outside director who is a member of Audit and Supervisory Committee.

Situation of important concurrent posts

- Outside director, Nissan motor CO., Ltd.
- Outside director, Nordic Entertainment Group



Candidate number

5

Keiichi Sagawa

Date of birth: March 7, 1966
(56 years old)

New candidate for independent outside director

No. of Dentsu Shares Held
0 shares (actually held)

Bio, Position and Responsibilities

April 1988	Joined Recruit Holdings Co., Ltd.	April 2017	Board Director and Senior Managing
April 2006	Corporate Executive officer in charge of Corporate Strategy Office		Corporate Executive Officer in charge of Finance and Administration
June 2011	Board Director and Corporate Executive Officer in charge of Accounting, Finance, Legal Affairs, General Affairs, Investment Management, Corporate Communication and Compliance	May 2017	Board Director and Senior Managing Corporate Executive Officer in charge of Finance (CFO) and Administration (CRO)
April 2013	Board Director and Managing Corporate Executive Officer in charge of Administration	April 2019	Board Director and Senior Managing Corporate Executive Officer in charge of Finance (CFO)
April 2016	Board Director and Senior Managing Corporate Executive Officer in charge of Finance	June 2020	Advisor
		January 2022	Outside director, GIMIC CO., LTD. (current)

Reason for candidacy as an Outside Director who is a member of the Audit and Supervisory Committee and expected roles

Mr. Keiichi Sagawa possesses abundant operational experience regarding business transformation and expansion of global business and digital business in the finance and administration departments of a holding company. He has also been engaged in corporate management for many years as a director and has enhanced corporate value and has expertise and a wealth of experience as a corporate manager. From these achievements, the Company expects him to contribute to improving the management governance and ensuring the soundness of the Company, which aims to promote business transformation and achieve global growth, as an outside director who is a member of Audit and Supervisory Committee.



Candidate number

6

Mihoko Sogabe

Date of birth: December 10, 1969 (52 years old)

New candidate for independent outside director

No. of Dentsu Shares Held
0 shares (actually held)

Bio, Position and Responsibilities

April 1992	Joined Japan Associated Finance Co., Ltd. (currently JAFCO Group Co., Ltd.)	June 2019	Outside director (Audit and Supervisory Committee member), Nikko Asset Management Co., Ltd. (current)
April 2001	Asahi Audit Corporation (currently KPMG AZSA LLC)	July 2020	Outside auditor, SoleBrain, Co., Ltd. (current)
May 2005	Registered as a CPA		
May 2018	Resigned from KPMG AZSA LLC	April 2021	Outside director (Audit and Supervisory Committee member), Mitsui DM Sugar Holdings Co., Ltd. (current)
June 2018	Outside director, Nikko Asset Management Co., Ltd. Auditor, Japan Kogei Association (current) Representative, Sogabe Certified Public Accountant Office (current)		

Reason for candidacy as an Outside Director who is a member of the Audit and Supervisory Committee and expected roles

Ms. Mihoko Sogabe has specialized knowledge and abundant operational experience in the fields of finance, accounting and auditing as a CPA. She also has abundant experience in the audit and supervision of business execution, promoting diversity and strengthening governance from an investor's perspective as Outside Director and Outside Auditor of several companies. Although she has not been engaged in corporate management other than serving as an Outside Director or an Outside Auditor, from these achievements, the Company expects her to contribute to enhance and ensure the soundness of financial governance of the Company as an outside director who is a member of Audit and Supervisory Committee.

Situation of important concurrent posts

- Representative, Sogabe Certified Public Accountant Office
- Outside director (Audit and Supervisory Committee member), Mitsui DM Sugar Holdings Co., Ltd.

- (Note 1) Mr. Gan Matsui, Mr. Paul Candland, Mr. Andrew House, Mr. Keiichi Sagawa and Ms. Mihoko Sogabe are Outside Director candidates pursuant to Item 7 Paragraph 3, Article 2 of the Order for Enforcement of the Companies Act. These five candidates meet the standards for an independent officer as stipulated by the Tokyo Stock Exchange, Inc. as well as the "Independence Standards for Outside Directors at Dentsu Group Inc." (<https://www.group.dentsu.com/en/about-us/governance/isod.html>) as stipulated by the Company. If the appointment of them who are members of the Audit and Supervisory Committee is approved as this General Meeting of Shareholders, the Company will register them as an independent officer with the Tokyo Stock Exchange.
- (Note 2) Mr. Gan Matsui is an attorney at Yaesu Sogo Law Office, and concurrently serves as Outside Corporate Auditor of Orient Corporation, Outside Corporate Auditor of Nagase & Co., Ltd., Outside Corporate Auditor of Totetsu Kogyo Co. and Outside Director who is a member of the Audit and Supervisory Committee of Globeride, Inc. Nagase & Co., Ltd. has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2021 was less than 1% of consolidated net sales of the Company and there is no issue with his independence. Furthermore, there are no vested interests with other entities or office mentioned above for which he belongs or concurrently serves.
- (Note 3) Mr. Paul Candland concurrently serves as Outside Director of YAMAHA CORPORATION, and CEO of Age of Learning, Inc. and CEO of Age of Learning Japan, Inc. YAMAHA CORPORATION has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions during fiscal year 2021 was less than 1% of consolidated net sales of the Company and there is no issue with his independence. Furthermore, there are no vested interests with other entities mentioned above for which he belongs or concurrently serves.
- (Note 4) Mr. Andrew House concurrently serves as Strategic Advisor of Intelity, Executive Mentor of The Exco Group, Outside Director of Nissan Motor Co., Ltd. and Outside Director of Nordic Entertainment Group. Nissan Motor Co., Ltd. has a business relationship with Dentsu Inc., a significant subsidiary of the Company, and The Exco Group has a business relationship with the Company, but the amount of transactions of each company during fiscal year 2021 was less than 1% of consolidated net sales of the Company and there is no issue with his independence. Furthermore, there are no vested interests with other entities mentioned above for which he belongs or concurrently serves.
- (Note 5) Mr. Keiichi Sagawa is entrusted with advisory duties by the Company under a contract with a term from April 2021 to March 31, 2022. The Company paid Mr. Keiichi Sagawa monthly remuneration based on the service contract, but the total amount was less than 10 million yen, which does not constitute a large amount of remuneration, and there is no issue with his independence. He is outside director of GIMIC CO., LTD. and this company has business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of the transactions during fiscal year 2021 was less than 1% of the consolidated net sales of the Company, and there is no issue with his independence. Recruit Holdings CO., Ltd., where he served as a director from June 2011 to June 2020, violated the Act on Special Measures concerning the Correction of Acts that Inhibit the Shifting of Consumption Taxes to Ensure Smooth and Appropriate Shifting of Consumption Taxes in relation to the payment of commission fees to subcontractors for the operation of its website and other facts. This company, along with its subsidiary, Recruit Co., Ltd. which succeeded the said fact, received a recommendation from Japan Fair Trade Commission in May 2019. In addition, in December 2019, Recruit Co., Ltd. received recommendations and guidance from the Personal Information Protection Commission for violations of the Act on the Protection of Personal Information, and guidance from the Tokyo Labor Bureau for violations of the Employment Security Act and guidelines based on the Act with regard to the "Rikunabi DMP Follow" service operated by its subsidiary Recruit Career Co., Ltd. After the occurrence of both incidents, he proactively made proposals as a director for measures to prevent recurrence and fulfilled his responsibilities.
- (Note 6) Ms. Mihoko Sogabe concurrently serves as Representative of Sogabe Certified Public Accountant Office, Auditor of Japan Kogei Association, Outside Director (audit and supervisory committee member) of Nikko Asset Management Co., Ltd., Outside Auditor of SoleBrain, Co., Ltd., Outside Director (audit and supervisory committee member) of Mitsui DM Sugar Holdings Co., Ltd. Nikko Asset Management Co., Ltd. has a business relationship with Dentsu Inc., a significant subsidiary of the Company, but the amount of transactions of this company during fiscal year 2021 was less than 1% of consolidated net sales of the Company and there is no issue with her independence. Furthermore, there are no vested interests with other entities or office mentioned above for which she belongs or concurrently serves.
- (Note 7) There are no vested interests between the other candidate for Director who is a member of the Audit and Supervisory Committee and the Company.
- (Note 8) The company has concluded a contract for limitation of liability with Ms. Izumi Okoshi and Mr. Gan Matsui for a maximum liability amount of 10 million yen or the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, whichever is higher. If appointment of Ms. Izumi Okoshi and Mr. Gan Matsui as director who is a member of the Audit and Supervisory Committee is approved at this general meeting of shareholders, the Company intends to renew the above contract with them. In addition, if appointment of Mr. Paul Candland, Mr. Andrew House, Mr. Keiichi Sagawa and Ms. Mihoko Sogabe as director who is a member of the Audit and Supervisory Committee is approved at this general meeting of shareholders, the Company intends to conclude a contract for limitation of liability with them for a maximum liability amount of 10 million yen or the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act, whichever is higher.
- (Note 9) The Company has entered into directors and officers liability insurance (D&O insurance) agreement with an insurance company, and Ms. Izumi Okoshi and Mr. Gan Matsui are insured under such insurance. Each candidate for this election proposal will be insured under such insurance if each candidate is elected as proposed. The scope of insured persons is directors, executive officers and corporate auditors of the Company and its 36 subsidiaries in Japan, and their heirs. Such insurance covers derivative suit, corporate suit and claims from third parties, but does not cover claims resulting from willful misconduct or gross negligence of directors, executive officers and so forth. The insurance premium is paid in full by the company in which the relevant officer performs his/her duties.
- (Note 10) If the election of each of the candidates in this proposal for appointment is approved, the Company will enter into an indemnity agreement with each of them, which provides that the Company will indemnify the expenses stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses stipulated in Paragraph 1, Item 2 of the same Article to the extent provided for by laws and regulations. In order to ensure that the indemnification agreement does not impair the appropriateness of the execution of duties by the officer, the Company will take measures such as excluding the officer from the indemnification in cases where the officer is with knowledge or grossly negligent in performing his/her duties or where the Company pursues the officer's liability.

Directors' Skills (In the event that each candidate for Director is elected at this General Meeting of Shareholders as proposed)

The Company structures the Board of Directors so that it is composed to appropriately balance the following three factors:

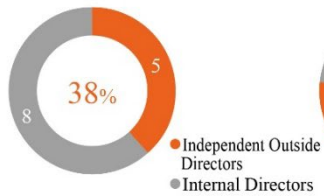
1. The diversity of the Board of Directors: five (5) foreign citizens, four (4) female Directors
2. The execution of business and supervisory function: five (5) executive Directors; eight (8) non-executive Directors
3. Internal Directors and Outside Directors: eight (8) internal Directors; five (5) Outside Directors

The Board of Directors is also structured appropriately to utilize the skills of each individual Director, so that there is no excess or deficit in any area, as shown below.

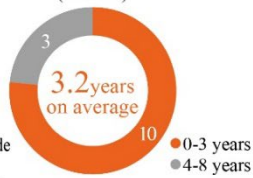
No.		Position within the Company <small>*Executive Director</small>	Name	
1	Reappointment	Non-Executive Chairman of the Board	Timothy Andree	
2	Reappointment	* Representative Director	Hiroshi Igarashi	
3	Reappointment	* Representative Director	Arinobu Soga	
4	Reappointment	* Director	Nick Friday	
5	Reappointment	* Director	Wendy Clark	
6	New appointment	* Director	Norihiro Kuretani	
7	New appointment	Director	Yuko Takahashi	
8	Reappointment	Director, Audit and Supervisory Committee Member	Izumi Okoshi	
9	New appointment	Director, Audit and Supervisory Committee Member	Gan Matsui	Outside Independent
10	New appointment	Director, Audit and Supervisory Committee Member	Paul Candland	Outside Independent
11	New appointment	Director, Audit and Supervisory Committee Member	Andrew House	Outside Independent
12	New appointment	Director, Audit and Supervisory Committee Member	Keiichi Sagawa	Outside Independent
13	New appointment	Director, Audit and Supervisory Committee Member	Mihoko Sogabe	Outside Independent

No.	Name	Skills						
		Business Management	Finance /Accounting	Audit	Legal /Compliance	Human Resources	Global Management	Digital Business
1	Timothy Andree	○					○	
2	Hiroshi Igarashi	○					○	○
3	Arinobu Soga	○	○	○			○	
4	Nick Priday	○	○	○			○	
5	Wendy Clark	○					○	○
6	Norihiro Kuretani	○					○	○
7	Yuko Takahashi		○	○				
8	Izumi Okoshi			○	○	○		
9	Gan Matsui			○	○	○		
10	Paul Candland	○					○	○
11	Andrew House	○		○			○	○
12	Keiichi Sagawa	○	○				○	○
13	Mihoko Sogabe		○	○				

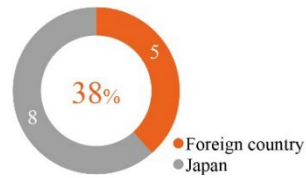
Outside Directors



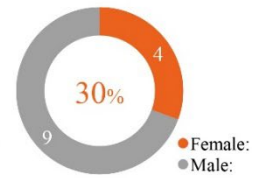
Average term in office (overall)



Diversity (nationality)



Diversity (gender)



[Reasons for Selection as a Skill Set that will Contribute to the Management Structure and Enhancing Shareholder Value]

Business Management	Directors with experience and achievements in business management are necessary to exercise appropriate “business judgement” amid dramatic changes in the Company’s environment, including the rapid advance of globalization and digitalization, and further the sustainable growth of the Company’s corporate value.
Finance /Accounting	Directors with strong knowledge and experience in the finance and accounting fields are necessary not only to ensure accurate financial reporting but also to build a solid financial base, and to realize capital policy to promote growth investment to sustainably enhance corporate value and achieve stronger shareholder returns.
Audit	Directors with strong knowledge and experience in the audit field are necessary to ensure sound and sustainable growth, and to achieve highly transparent financial reporting and establish governance systems to fulfill social trust.
Legal/Compliance	Risk management based on laws and compliance is the foundation for the Company’s continued growth. Directors with strong knowledge and experience in the legal and compliance fields are necessary to enhance the effectiveness of the execution of duties by the Board of Directors.
Human Resources	The Company’s greatest resource is people. Directors with strong knowledge and experience in the human resources, labor and personnel development fields are necessary to enable the Group’s 64,000 employees to make maximum use of their abilities to contribute to the Company’s development.
Global Management	For the Company, with businesses spread over more than 145 countries, Directors are necessary who have actual business experience overseas and abundant knowledge and experience in domains such as overseas lifestyles, cultures and business environments.
Digital Business	Radical business transformation centered on digital technology is vital for the Company’s business growth. Directors with strong knowledge and experience in the digital business domain are necessary.

Reference

Corporate Governance Structure

The Company's corporate governance structure is as follows.

Board of Directors (met 16 times in FY2021)

The Company has adopted a form of governance with an Audit and Supervisory Committee, and has transferred authority for important business execution in part from the Board of Directors to Executive Officers in order to realize an expeditious and effective business execution system. As well as exercising a supervisory function over business execution, the Board of Directors determines core management matters for the Dentsu Group, such as the establishment of Group management strategy, making decisions on important management issues, and appointing Executive Officers. The Board of Directors is presently composed of thirteen (13) Directors, who have advanced knowledge and expertise, including not only internal Directors but also five (5) independent Outside Directors.

Evaluating the Effectiveness of the Board of Directors

In order to continuously enhance the effectiveness of the Board of Directors, the Company conducts an evaluation of the effectiveness and appropriateness of management supervision by the Board of Directors by all directors, and a third-party organization analyzes and evaluates the effectiveness of the Board of Directors. The Company confirms the status of improvement of issues identified in the previous year's evaluation, as well as new issues and directions to be taken in the future, and implements specific measures to improve the effectiveness of the Board of Directors to further strengthen corporate governance.

I Methodology for Evaluating Effectiveness in FY2021

For the FY2021 evaluation, as in FY2020, an independent third-party evaluation company prepared survey items and distributed and collected surveys for all directors. In addition, based on the results of the surveys, interviews were conducted with all directors.

The results were evaluated and reviewed by a third-party organization and compiled into a report, and the content was explained by the evaluation company and discussed at the Board of Directors meeting held in January 2022.

Results of initiatives in FY2021 to improve the effectiveness of the Board of Directors

- ▶ Feb. 2021: The Mid-Term Management Plan: “Sustainable Growth through Transformation” was formulated.
- ▶ Mar. 2021: Added Total Stock Return (TSR) as an index for performance-based stock compensation.
Developed a succession plan (Succession Plan).
Increased the number of independent outside directors to five Established a Sustainable Business Board.
- ▶ Nov. 2021: Announced renewal of management structure to achieve sustainable growth from transformation

Evaluation method for FY2021

i) Surveys (For all directors)	Surveys conducted prior to interviews
ii) Third-party interviews (For all directors)	Interviews conducted to obtain candid opinions while ensuring anonymity
(iii) Opinion exchange meeting (For all directors)	Discussions were held with third-party organizations to exchange opinions on the issues identified from the surveys and interviews

Key topics in the survey and interviews in FY2021 * Items in the survey (6 items, 34 questions)

1. Strategic Alignment and Engagement (12 questions)
(Management strategy, capital policy, business portfolio review, ESG response, business risk, dialogue with shareholders, etc.)
2. Composition and structure of the board of directors (succession plan, skill set, etc.) (3 questions)
3. Board of Directors' process and practices (board management, discussion topics, training, etc.) (8 questions)
4. Management Supervisory Functions (Risk Management, Global Governance System, Governance System of Listed Subsidiaries) (7 questions)
5. Board culture and dynamics (2 questions)
6. Supervisory function (for Audit Committee members only) (2 questions)

II Results of Analysis and Summary of Evaluation

i) Tasks and progress for FY2020

Based on the issues identified in the analysis and evaluation of fiscal year 2020, we announced a medium-term management plan in February 2021, which included ESG targets and established a Sustainability Business Board in March 2021. Furthermore, in November 2021, we announced the renewal of our management structure to achieve sustainable growth from the transformation, and subject to approval by our shareholders at the Ordinary General Meeting of Shareholders to be held in March 2022, the Board of Directors will be even more international and diverse, to be more appropriate for a company that operates globally.

ii) Future issues and initiatives for improvement

After the announcement of the Medium-Term Management Plan in February 2021, the Company has been discussing ways to further improve the effectiveness of the Board of Directors, and as a result, the following new issues (1) through (3) have emerged. By improving these issues, we will further improve the effectiveness of the Board of Directors and strengthen our corporate governance.

(1) Promote continuous improvement of the long-term vision and management strategies and the governance system to support them under the new management structure.

▶ Review our long-term vision and management strategies in a timely and appropriate manner in line with changes in our business environment and the implementation of various measures to enhance our corporate value and flexibly review the appropriate organizational structure and governance system to support the achievement of these goals.

▶ Promote measures (2) and (3) below to enhance discussions on the long-term vision and management strategies under the new management structure.

(2) Enhance discussions at the Board of Directors meetings to incorporate shareholder and ESG perspectives.

▶ Strengthen monitoring of the progress of the medium-term management plan by the Board of Directors and various committees, with emphasis on shareholder and ESG perspectives.

(3) Further evolution of the management of the Board of Directors (to strengthen the monitoring function)

▶ With further scrutiny of agenda items, to ensure that opportunities for discussion and discussion time are focused on agenda items related to supervision.

▶ Enhancement of materials such as clarification of issues to be discussed at the board meetings

Audit and Supervisory Committee (met 11 times in FY2021)

The Audit and Supervisory Committee is a body composed of all Directors who are Audit and Supervisory Committee Members. Working in coordination with the internal control division and the Accounting Auditor, it engages in audit and supervision of the Executive Officers and Directors, from the perspectives of compliance and adequacy. The Company presently has five (5) Directors who are Audit and Supervisory Committee Members, of which one (1) is from within the Dentsu Group, and four (4) are independent Outside Directors (of which two have extensive finance and accounting knowledge). If Proposal No. 4 is approved at this General Meeting of Shareholders as proposed, the number of Independent Outside Directors will be five (5).

Nomination Advisory Committee and Compensation Advisory Committee

The Company has established two committees, namely the Nomination Advisory Committee and the Compensation Advisory Committee, as advisory organizations to the Board of Directors. The Nomination Advisory Committee advises the Board of Directors on the nomination, appointment and dismissal of directors and executive officers, and the Compensation Advisory Committee advises the Board of Directors on compensation for directors and executive officers. The overview and activities of these committees are as follows.

(1) Nomination Advisory Committee (met 7 times in FY2021)

(Establishment) Established as an advisory organization to the Board of Directors on April 1, 2020 by reorganizing the Nomination and Compensation Advisory Committee, which had been established in July 2019.

(Composition) Composed of a majority of Outside Directors and chaired by an independent Outside Director.

(Process) In response to inquiries received from the Board of Directors, the Committee deliberates and reports on matters relating to nomination and succession planning concerning Directors and Executive Officers, and submits items to be decided by the Board of Directors.

(Results) Convened seven (7) times during the fiscal year ended December 31, 2021. Main agenda deliberated during the fiscal year were as follows.

- Deliberation and reporting concerning nomination policy and succession planning policy
- Deliberation and reporting concerning succession planning
- Deliberation and reporting concerning candidates for the positions of Executive Officer

(Policies on nomination and succession planning)

(i) Nomination policy

- Appropriately nominate officers who will contribute to medium- to long-term sustainable growth and enhance the corporate value of the Group
- Select from among the candidates with management knowledge, experience and ability, to compose a management team with a balance of diversity and expertise, that will swiftly embody the innovation of the Group
- Nominate Directors and Executive Officers of the Company for the fiscal year ending December 31, 2021(ii)
Succession planning policy

(ii) Succession planning policy

- Create a succession plan for important Executive Director and Executive Officer posts of Dentsu Group Inc.
- Specify the four (4) posts of CEO, COOs (for international business and Japan business), and CFO as important posts
- Draft three (3) successor candidates in principle for each important post to allow for comparison

(2) Compensation Advisory Committee (met 7 times in FY2021)

(Establishment) Established as an advisory organization to the Board of Directors on April 1, 2020 by reorganizing the Nomination and Compensation Advisory Committee, which had been established in July 2019.

(Composition) Composed of a majority of Outside Directors and chaired by an independent Outside Director.

(Process) In response to inquiries received from the Board of Directors, the Committee deliberates and reports on matters relating to compensation concerning Directors and Executive Officers, and submits items to be decided by the Board of Directors.

(Results) Convened seven (7) times during the fiscal year ended December 31, 2021. Main agenda deliberated during the fiscal year were as follows.

- Deliberation and reporting concerning the amendment of the performance-based stock compensation plan
- Implementation of a management compensation survey by a third-party agency
- Deliberation and reporting concerning individual compensation for Directors and Executive Officers

(Policies on compensation)

- Implement a globally-competitive compensation system and compensation levels
- Implement a compensation system based on management performance and results. Ensure a balance between fixed compensation and variable compensation (annual bonus: monetary compensation; and medium- to long-term bonus: stock compensation)
- Determine compensation levels based on compensation levels in the region

Sustainable Business Board (met 4 times in FY2021)

The Company established a Sustainable Business Board composed of senior management on March 31, 2021, based on a recognition of social, environmental and other sustainability issues as central management themes for the Dentsu Group.

The Sustainable Business Board, chaired by Director Wendy Clark, consists of seven members, including directors and Group employees. During the previous fiscal year, the group held a series of discussions on social issues and core themes that the Dentsu Group should proactively tackle in the future, and worked to align the sustainable business strategies of the Dentsu Japan Network and Dentsu International, share and assess the latest knowledge, and make plans for the launch of the Dentsu Sustainable Business Solution (dSBS). Other initiatives include case studies at the Group level and the production of a dSBS playbook, the development of training programs for employees to promote sustainable business in the future, and the formulation of performance indicators. We will continue to focus on building sustainability into the core of the Group's growth strategy, corporate culture, and business operations, with the mission of providing high value to both the Group and society under the Sustainable Business Board.

(Note) dSBS is a solution provided with the aim of balancing business growth and social contribution by applying the know-how of the Dentsu Group to the social and environmental challenges of its clients.

Other boards and committees related to the execution of business

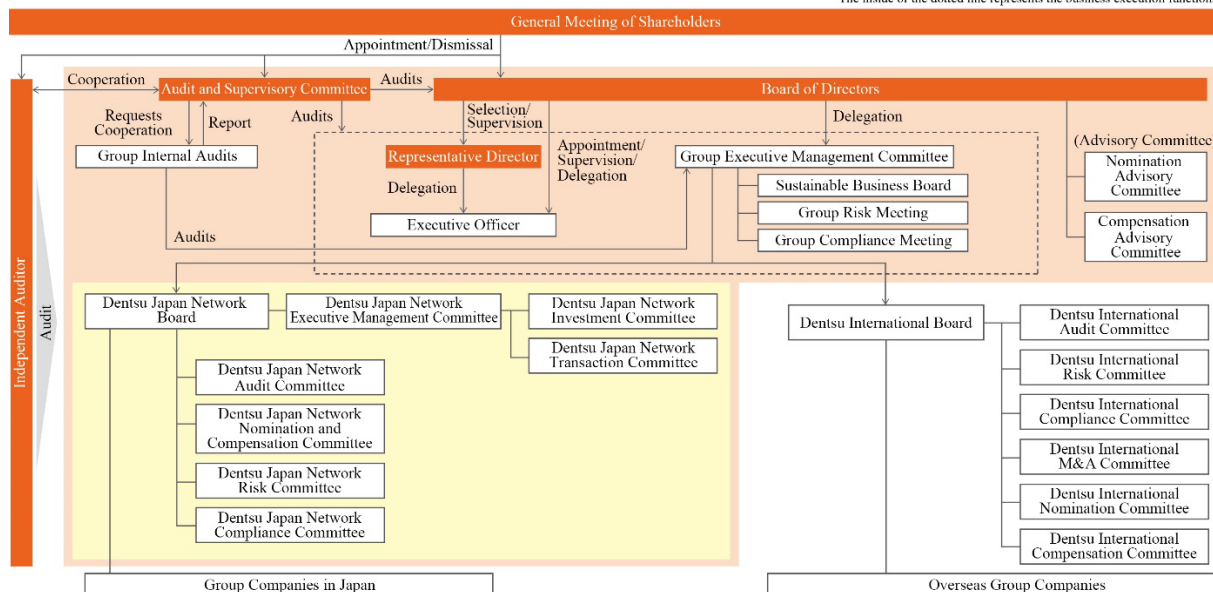
Positioned under the Board of Directors is the “Group Executive Management Committee” consisting of Representative Directors and Executive Officers, including Executive Directors, which deliberates on important Company matters except for those exclusively resolved by the Board of Directors, makes decisions on important business matters concerning the entire Dentsu Group and deliberates on matters to be decided by the Board of Directors.

Moreover, the Company established the Dentsu Japan Network Board (under the Dentsu Japan Network, an internal company) to deliberate on important matters of Japan business and the Dentsu International Board to deliberate on important matters of the Group’s international business, thereby dividing the business execution system into the Japan business sector and the international business sector. Each is delegated responsibility for profit and authority for its respective region.

Corporate Governance Structure

■ Dentsu Group Inc. ■ Dentsu Japan Network (in-house company in Dentsu Group Inc.)

The inside of the dotted line represents the business execution functions.



Governance as of January 1, 2022

Dentsu Group Inc.	
Title	Name
※1 President & CEO	Hiroshi Igarashi
※1 Executive Vice President & CFO	Arinobu Soga
Executive Vice President, Chief Corporate Affairs Officer	Haruhiko Hirate
※1 Executive Officer	Wendy Clark
※1 Executive Officer	Norihiro Kuretani
※1 Executive Officer	Nick Priday
Executive Officer	Jun Shibata
Executive Officer	Soichi Takahashi
Executive Officer	Masaya Nakamura
Executive Officer	Nobuo Uehara
Executive Officer	Jean Lin

※1 Director candidate

(Internal company) Dentsu Japan Network	
Title	Name
President & CEO	Norihiro Kuretani
Executive Officer	Yoshimasa Watahiki
Executive Officer	Hideo Tokuyama
Executive Officer	Shuji Yamaguchi
Executive Officer	Takeshi Sano
Executive Officer	Kumiko Nakatsu
Executive Officer	Hirohisa Iwamoto
Executive Officer	Hiroshi Chino
Executive Officer	Nobutaka Hayashi
Executive Officer	Shigeru Ishida
Executive Officer	Keiichi Higuchi
Executive Officer	Yuko Kitakaze
Executive Officer	Nobuo Uehara

Information Related to Corporate Governance (as of January 1, 2022)

Board of Directors (page reference)

Principle 4.8 (Effective Use of Independent Directors)	Proportion of independent Outside Directors	5 of 13 (38.5%)
Principle 4.11 (Preconditions for Board and <i>Kansayaku</i> Board Effectiveness)	Proportion of Directors who are female	3 of 13 (23.1%)
	Proportion of Directors who are foreign citizens	4 of 13 (30.8%)

Audit and Supervisory Committee

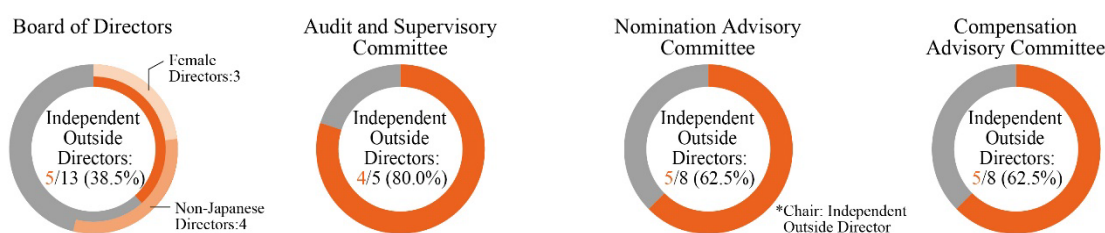
Principle 4.8 (Effective Use of Independent Directors)	Proportion of independent Outside Directors	4 of 5 (80.0%)
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Nomination Advisory Committee

Principle 4.8 (Effective Use of Independent Directors)	Proportion of independent outside committee members	5 of 8 (62.5%)
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Compensation Advisory Committee

Principle 4.8 (Effective Use of Independent Directors)	Proportion of independent outside committee members	5 of 8 (62.5%)
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Policy on the Disposal of Strategic Shareholdings and Actual Reductions

In order to enhance medium- to long-term corporate value by maintaining and strengthening business relationships with its business partners, the Company, apart from pure investment, sometimes holds shares in listed companies that are the Company's business partners.

The Company's basic policy is to aim to reduce individual shareholdings, through sale or other means, where they are not deemed meaningful from perspectives such as whether the dividends, related profits and other benefits are higher than the Company's anticipated cost of capital, and whether the stock ownership contributes to the maintenance and enhancement of the business relationship with the investee company and the promotion of collaboration. Accordingly, each year the Board of Directors examines the purpose and economic rationale for each and every strategic shareholding from a medium- to long-term perspective, and assesses the appropriateness of continuing to hold each stock.

Last year, the Company sold 11 strategic shareholdings with a total value of approximately 21.0 billion yen in accordance with this basic policy.

Business Report

(From January 1, 2021 to December 31, 2021)

I Items Pertaining to the Current State of the Corporate Group

1. Business Progress and Results

(1) Business progress and results

In 2021, due to the economic recovery from the coronavirus, the Group's Japan and international businesses showed a significant recovery in business performance. Under such circumstances, for the business results during the fiscal year 2021 (from January 1 to December 31, 2021), the Group posted 976,577 million yen in revenue less cost of sales (16.9% increase year on year), and the revenue less cost of sales organic growth rate (internal growth rate factoring out the effects of foreign exchange rates and acquisitions) was 13.1%. In addition to operating leverage from higher revenues, as a result of the structural reforms and cost-control across the Group, underlying operating profit was 179,028 million yen (44.4% increase year on year), operating margin (underlying operating profit divided by revenue less cost of sales) was 18.3% (14.8% for the previous fiscal year), and underlying net profit attributable to owners of the parent was 109,203 million yen (56.2% increase year on year). Operating profit was 241,841 million yen (operating loss was 140,625 million yen in the previous fiscal year) due to the recording of gain on sale of non-current assets, net profit attributable to owners of the parent was 108,389 million yen (loss attributable to owners of the parent was 159,596 million yen in the previous fiscal year).

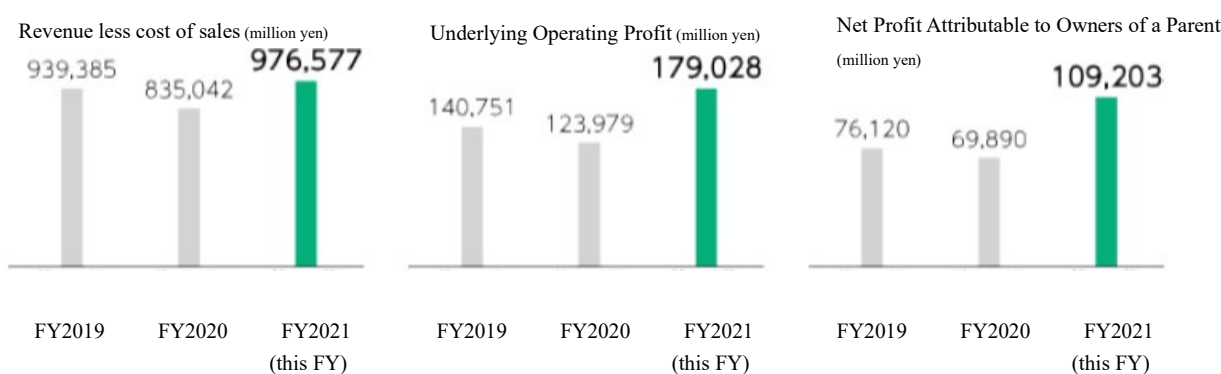
Underlying operating profit is a profit indicator to measure recurring business performance which is calculated as operating profit added with M&A related items and one-off items.

M&A related items: amortization of purchased intangible assets, acquisition costs, share-based compensation expenses related to acquired companies, share-based compensation expense issued following the acquisition of 100% ownership of a subsidiary

One-off items: items such as business restructuring costs, impairment loss and gain/loss on sales of non-current assets

Underlying net profit attributable to owners of the parent is an indicator to measure recurring net profit attributable to owners of the parent which is calculated as net profit (attributable to owners of the parent) added with adjustment items related to operating profit, change in fair value of contingent considerations (gain/loss on revaluation of earnout liabilities), remeasurements of share purchase liabilities (gain/loss on revaluation of M&A related put-option liabilities), tax-related, NCI profit-related and other one-off items.

(Note) An earnout is a contractual provision stating that only a certain portion of the total purchase price is to be paid at the time of the acquisition and the remaining portion is to be payable to a later date according to the future actual results of the acquired business.



(2) Record of Income for Reportable Segments

1) Japan business

By business segment in Japan, in addition to the growth of the digital solution area, which remained strong due to the demand for digital transformation of client companies, the recovery of mass advertising placement centered on TV by client companies, and the integrated solutions strengthened by business transformation. As a result, the revenue less cost of sales in Japan was 415,915 million yen (19.2% increase year on year), and the revenue less cost of sales organic growth rate was 17.9%. Underlying operating profit was 95,361 million yen (52.0% increase year on year), and operating margin was 22.9% (18.0% for the previous fiscal year) due to operating leverage from higher revenues and the continued focus on costs.

2. International business

By region, the revenue less cost of sales organic growth rate for international business was 11.1% in Europe, the Middle East and Africa (“EMEA”), 10.6% in the Americas, 4.7% in the Asia Pacific region (“APAC,” excluding Japan), and was 9.7% overall. By major countries, Spain, Denmark, Canada, etc. grew significantly, while results were severe in Brazil and India. The revenue less cost of sales from international business was 560,978 million yen (15.4% increase year on year), due to the results of structural reforms and cost control, underlying operating profit was 88,975 million yen (33.8% increase year on year). The operating margin improved to be 15.9% (13.7% for the previous fiscal year).

2. Issues to be Addressed

(1) Changes in the business environment and growth opportunities

The business environment surrounding our Group is undergoing major changes along with society. With the rise of new technologies that symbolize the digital society, consumers' media contact and consumption behaviors are becoming more diverse, and consumers themselves are placing more value on personalized experiences than ever before. In response to these changes in consumers, the needs of the Group's client companies are shifting to be more sophisticated and complex, and the Group is required to go beyond the traditional advertising communication area to provide integrated solutions based on business strategies, design the entire customer experience using data and technology, and create ways to improve the value of the experience.

From another perspective, the global pandemic caused by COVID-19 has raised awareness of social issues among consumers, and sustainability is now an increasingly important value. Appropriate responses in the ESG domain have become a crucial proposition for companies, including our Group, and expectations for companies to resolve these issues are increasing further.

These changes in society, changing values, and the resulting expansion of client needs are new growth opportunities for the Group. At the same time, the competitive environment has turned increasingly fierce, as we frequently compete with companies in the consulting and IT systems industries that are different from our conventional competitors.

(2) Toward maximizing corporate value

The Dentsu Group exists to realize a better society by contributing to the growth of our clients, partners, people, and all consumers. As a new management policy that embodies this Group's purpose, we have advocated "B2B2S" under the new management team that took effect in January of this year. We will evolve

to a corporate group of “B-to-B-to-S (Business to Business to Society),” that goes beyond “B-to-B” to “S (Society),” and by working with client companies to solve social issues together, we aim to create value for society as a whole over the medium to long term, while maximizing “corporate value” for all stakeholders, including our shareholders, clients, partners, and employees.

(3) Progress and update of “Medium-Term Management Plan 2024”

In the midst of a drastically changing business environment, the Group launched structural reforms based on the “Comprehensive Review of Business Operations and Capital Efficiency” in August 2020, and achieved efficient balance sheet by improving the cost structure of both domestic and overseas businesses and disposal of non-operating assets such as real estate.

In FY2021, the first year of the “Medium-Term Management Plan 2024: Sustainable Growth through Transformation” announced in February 2021, we have achieved a double-digit organic growth rate and the underlying operating margin exceeded that of the previous year, thanks to the recovery of demand from the COVID-19 and the effects of structural reforms. The high-growth area of “Customer Transformation & Technology,” in which we help clients transform their businesses by applying data and technology to the creativity and other expertise we have developed in our businesses, also contributed to the results with double-digit growth, bringing about the highest Group revenue, underlying operating profit and operating profit since the Company was listed on Tokyo Stock Exchange, in FY2021.

As for the future outlook, although there are uncertainties such as the re-emergence of the COVID-19 infection, the advertising market, where we operate our core business, is expected to grow by 9.2% worldwide this year following 2021 (Group forecast). This year marks the starting point in the transition to the phase of business transformation & sustainable growth in the Medium-Term Management Plan, which runs until 2024, and so in February this year the plan was updated with specific and upward revisions to the targets.

The Group will focus on the following four points to promote the Medium-Term Management Plan.

1. Growth Strategy through Business Transformation
2. Improve Profitability and Efficiency
3. Sustainable enhancement of shareholder value and improvement of financial base
4. Advancement of ESG management

1. Growth Strategy through Business Transformation

In response to increasingly sophisticated and complex client issues, the Group has positioned “Integrated Growth Solutions” as the core of its strategy, which aims to provide integrated solutions by optimally combining the Group’s unique and diverse capabilities. Moving forward, we will integrate our diverse capabilities in the area of marketing communications, using the growth and expansion of the “Customer Transformation & Technology” area, including its reinforcement through M&A as leverage, and thereby further strengthen our solutions to help our clients achieve top-line growth. To implement this strategy, we will make the essential M&A investments as well as investing in our people, including skills development and recruitment. Furthermore, as a new solution, we plan to launch “dentsu good - a sustainability accelerator -”, a business accelerator that realizes business growth through contribution to society, in April this year.

2. **Improve Profitability and Efficiency**

We will consolidate the results of the cost reductions and structural reforms implemented last year and continue to carry out necessary measures. We will increase efficiency by restructuring Group companies and simplifying functions, and improve profitability by utilizing near and offshore, RPA, etc. We also plan to further reduce costs by integrating corporate functions to increase sophistication and efficiency, standardizing functional operations, and developing IT infrastructure.

3. **Sustainable enhancement of shareholder value and improvement of financial base**

Maintaining a robust and flexible balance sheet is an important issue in terms of securing the funds necessary for business transformation and growth strategies. We will establish a capital allocation policy that comprehensively takes into account such factors as "disciplined M&A investment in high-growth areas," "capex investment to strengthen core businesses," "enhancement of shareholder returns," "appropriate management of financial leverage," and "review of non-business assets," in order to sustainably increase shareholder value.

As a measure of shareholder returns, we have announced in February 2022 a share buyback of up to JPY 40 bn in FY2022. The annual dividend per share for FY2021 is at 117.5 yen, the highest since the company was listed. Going forward, we plan to progressively increase the dividend payout ratio in accordance with the policy set forth in the Medium-Term Management Plan.

4. **Advancement of ESG management**

The Group will place greater emphasis on ESG management to enhance corporate value. We will execute "2030 Sustainability Strategy" and promote the integration of business growth and sustainability strategies under the governance of "Sustainable Business Board" established last year. Employee Diversity, Equity & Inclusion (DE&I) will be led by the Chief Diversity Officer for domestic operations and the Chief Equity Officer for international operations. In order to promote ESG management, non-financial performance indicators will be reflected to the compensation of senior management.

To reinforce governance, the Board of Directors will be chaired by a non-executive director, thereby strengthening the supervisory function of the Board of Directors.

(4) Targets of the updated Medium-Term Management Plan

- Growth Strategy through Business Transformation
 - Organic Growth vs. 2021 through 2024 CAGR 4-5%
 - Customer Transformation & Technology to reach 50% of Group revenues (LCoS) over time
- Improve Profitability and Efficiency
 - 17.0-18.0% operating margin through 2023, reaching 18.0% in 2024
- Sustainable enhancement of shareholder value and improvement of financial base
 - Upper limit of 1.5x Net debt / Underlying EBITDA (year end); indicative medium-term range of 1.0 to 1.5x (non IFRS16 basis)
 - Progressive dividend, reaching 35% payout ratio of underlying basic EPS by 2024
- Advancement of ESG management
 - 46% absolute reduction in CO2 by 2030; 100% renewable by 2030 (in markets where available)
 - Improvement in employee engagement score
 - Diverse, equal & inclusive workforce; female managers to reach 30% by 2030 (Dentsu Japan Network 25%; Dentsu International 50%)

3. Changes in Assets and Profit and Loss Status

(1) Changes in the Dentsu Group's assets and profit and loss status

IFRS (International Financial Reporting Standards)

	170th Term From January 1, 2018 to December 31, 2018	171st Term From January 1, 2019 to December 31, 2019	172nd Term (the fiscal year under review) From January 1, 2020 to December 31, 2020	173rd Term (the fiscal year under review) From January 1, 2021 to December 31, 2021
Revenue (Millions of yen)	1,018,512	1,047,881	939,243	1,085,592
Revenue less cost of sales (Millions of yen)	932,680	939,385	835,042	976,577
Operating profit (Millions of yen)	111,638	(3,358)	(140,625)	241,841
Profit for the year (attributable to owners of the parent) (Millions of yen)	90,316	(80,893)	(159,596)	108,389
Basic earnings per share (attributable to owners of the parent) (Yen)	320.39	(287.92)	(571.19)	388.79
Total equity attributable to owners of the parent (Millions of yen)	1,047,619	974,977	740,821	845,034
Total assets (Millions of yen)	3,638,488	3,795,729	3,364,364	3,720,536

(Note) Basic earnings per share is calculated based on the average number of shares during the period.

(2) Changes in the Company's assets and profit and loss status

	170th Term From January 1, 2018 to December 31, 2018	171st Term From January 1, 2019 to December 31, 2019	172nd Term From January 1, 2020 to December 31, 2020	173rd Term (the fiscal year under review) From January 1, 2021 to December 31, 2021
Net sales and revenue (after 172nd Term) (Millions of yen)	1,539,962	1,526,241	36,054	34,897
Ordinary income (Millions of yen)	75,414	54,303	16,493	7,017
Net income (Millions of yen)	94,841	58,294	(278,309)	122,940
Net income per share (Yen)	336.44	207.49	(996.05)	440.98
Net assets (Millions of yen)	991,086	1,048,593	616,425	699,150
Total assets (Millions of yen)	1,838,638	1,867,565	1,093,173	1,177,686

(Note 1) The non-consolidated financial statements of the Company are prepared in accordance with Japanese GAAP.

(Note 2) Net income per share is calculated based on the average number of shares during the period.

(Note 3) Pursuant to the absorption-type company split agreement approved at the 170th Ordinary General Meeting of Shareholders, the Company transferred to the successor company (currently Dentsu Inc.) all businesses operated by the Company (excluding businesses related to control or management of the business activities of companies in which the Company holds shares and group management).

Accordingly, the net sales of the Company prior to the transition to a pure holding company are provided for the 171st term and before, and the operating revenue of the Company after the transition to a pure holding company is provided for the 172nd term and after.

4. Status of the Acquisition or Disposal of Other Companies' Shares and Other Equity

In August 2021, the Company, through its consolidated subsidiary Merkle, acquired 100% of the equity interest in LiveArea, a U.S. agency that provides technology-driven, data-driven customer experience management and commerce services globally (a business unit brand of "PFSweb, Inc. (NASDAQ: PFSW), headquartered in Dallas, Texas).

In addition, in January 2022, the Company acquired additional shares of SEPTENI HOLDINGS INC. ("SEPTENI HD"), which had been an equity-method affiliate of the Company, and made the company a consolidated subsidiary. The additional acquisition was made through a share exchange that made Dentsu Direct Inc. a consolidated subsidiary of the Company, a wholly owned subsidiary of SEPTENI HD, and the underwriting of a new share issue by SEPTENI HD through a third-party allotment. SEPTENI HD will continue to maintain an independent management structure as a listed company.

5. Status of Financing

No special items reported.

6. Main Business Description of the Group

The Dentsu Group, with the communications domain at its core, is engaged in a wide range of business activities. From management and operating solutions to the implementation of marketing and communications strategies for advertisers as well as media and content holders, the Group works to provide the best integrated solutions capabilities in Japan and in the global market. Specifically, the Dentsu Group offers management and operating consulting, advertising strategy formulation and production work, ad placement in various media, various marketing services, and content services in the areas of sports and entertainment, focusing on the advertising segment, as well as communications-related services such as IT management and related consulting services.

7. Status of capital investment

In the year ended December 31, 2021, the Company sold the real estate in Shiodome, Zone A, that includes the Dentsu Headquarters Building, and began the lease of the Dentsu Headquarters Building.

In August 2020, the Group launched a comprehensive review of business operations and capital efficiency and carried out the transaction with the aim of improving capital efficiency, strengthening the company's financial position, and securing growth investment funds. As a result of the transaction, 52,802 million yen was recorded for "Right-of-use assets" and 88,633 million yen for "Lease liabilities" in the year ended December 31, 2021.

The main details with regard to sold and leased assets are as follows:

Asset details and location

- Location: 1-8-1 Higashi-shimbashi, Minato-ku, Tokyo
- Land: 17,244 m²
- Site area: 17,244 m²
- Height: 213.3 m
- No. of floors: 48 floors above ground, 5 floors below ground
- (additional one building)

Gain on sale

- 89,186 million yen

Book value

- 177,137 million yen

Current situation

- Used as an office/ commercial/

cultural facility

1. The fixed term building lease agreement for the building covers the office sections, Dentsu Hall, and studios used by the Company and Group companies except for commercial facilities.

2. The term of the lease is 11 years from the date the sale was executed and has no options for extensions or cancellations.

3. Due to an arrangement with the purchaser, the Company is refraining from disclosing the sale price and lease fee; however, the price is one that is appropriate and one that reflects the market price arrived at by competitive bidding.

4. The gain on sale is included in “Gain (loss) on sale and retirement of non-current assets” in the Consolidated Statement of Income.

5. The book value of 177,137 million yen is broken down as 141,390 million yen for “Property, plant and equipment” and 35,747 for “Investment property.”

The total lease payment under the lease agreement is 90,596 million yen and there is no option to repurchase the leased portions.

8. Main Business Offices of the Company

Headquarters (Minato-ku, Tokyo)

(Significant subsidiaries of the Company are as stated in “11. Status of Significant Subsidiaries.”)

9. Situation of Employees of the Group

Number of Employees	Change from Previous Year-end
64,832 persons	Increase of 299 persons

(Note) The above number of employees indicates the number of working employees.

10. Major Lenders

Lender	Year-end Balance of Loans Payable
	(Millions of yen)
Syndicated loan (Note)	30,000
Meiji Yasuda Life Insurance Company	20,000
Nippon Life Insurance Company	10,000
MUFG Bank, Ltd.	103,518 [USD 900 million]
Mizuho Bank, Ltd.	100,906 [GBP 650 million]
Sumitomo Mitsui Banking Corporation	46,008 [USD 400 million]
Norinchukin	11,502 [USD 100 million]

(Note) Syndicate with Mizuho Bank, Ltd. as lead manager and another company.

11. Status of Significant Subsidiaries

Company Name	Location Of headquarters	Capital or Stake	Shareholding Ratio (%)	Main Business Description
Dentsu Inc.	Minato-ku, Tokyo	JPY 10,000 million	100.0	Advertising and advertising-related businesses
Dentsu International Limited	London England	GBP 78 million	100.0	Controlling company for overseas business operations
Merkle Group Inc.	Maryland USA	USD 0million	100.0 (100.0)	Data-driven and technological advertising marketing primarily in the USA
Beijing Dentsu Advertising Co., Ltd.	Beijing China	RMB 142 million	100.0	Advertising in China
CARTA HOLDINGS, INC.	Shibuya-ku, Tokyo	JPY 1,410 million	52.4	Managerial control over partner sales (media representative), ad-platform, and consumer business
Dentsu Digital Inc.	Minato-ku, Tokyo	JPY 442 million	100.0	Consulting; development and implementation; and operational and execution support concerning all aspects of digital marketing
DENTSU TEC INC.	Chiyoda-ku, Tokyo	JPY 1,000 million	100.0	Planning and production for sales promotions, events, print, etc.
Information Services International-Dentsu, Ltd.	Minato-ku, Tokyo	JPY 8,180 million	61.8	Information systems building; software sales and support for various business areas
DENTSU LIVE INC.	Chiyoda-ku, Tokyo	JPY 2,650 million	100.0	Provision of real experiential value through events and event spaces

(Note 1) The Shareholding Ratio is the holding ratio of voting rights. The figures in parentheses in Shareholding Ratio represent shares held indirectly.

(Note 2) The number of consolidated subsidiaries, including significant subsidiaries, is 907 companies, and the number of associates accounted for using the equity method is 92 companies.

12. Policy Regarding Exercise of Right to Determine Distribution of Surplus, etc., by the Board of Directors as Stipulated in the Articles of Incorporation (Article 459, Paragraph 1 of the Companies Act)

Regarding matters provided for in each Item of Article 459, Paragraph 1 of the Companies Act, such as the distribution of dividends, etc., the Company has stipulated in the Articles of Incorporation that it may decide upon such matters by a resolution of the Board of Directors, unless otherwise provided for in the applicable laws and regulations.

During the period of the Mid-Term Management Plan the Company, while paying attention to the stability of management and financial soundness, the Company will actively seize the changes and business opportunities in society brought about by the progress of digitalization of corporate activities and other factors, thereby contributing to the broad resolution of social issues, and aiming to further increase corporate value and shareholder value. The Company will endeavor to return profits to shareholders by appropriately allocating profits from these activities and enhancing intrinsic corporate value. In terms of our dividend policy, the Company will gradually increase the dividend payout ratio to basic underlying net income per share to 35% by FY2024.

Based on the renewed dividend policy, the payout ratio for FY2021 is targeted at 30% of underlying basic EPS. The year-end dividend for this year was resolved to be 67 yen per share at the meeting of the Board of Directors held on February 14, 2022, comprehensively taking into consideration factors such as the Group's financial performance. As the Company already paid 50.5 yen per share as an interim dividend, the annual dividend will be 117.5 yen per share.

The Company will continue to return profits to shareholders and improve capital efficiency while implementing flexible capital policies in response to changes in the business environment.

II Shares and Subscription Rights to Shares

Pursuant to laws and regulations and Article 19 of the Company's Articles of Incorporation, the above items are provided to shareholders on the Company's website

(<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>).

III Items Related to the Company Executives

1. Names, etc., of Directors

Name	Position and Responsibilities
Toshihiro Yamamoto	Representative Director, President & CEO
Shun Sakurai	Representative Director, Executive Vice President Chief Administration Officer (CAO)
Timothy Andree	Representative Director, Executive Vice President Chief Operating Officer (COO)
Hiroshi Igarashi	Director, Executive Officer Chief Operating Officer (COO)
Arinobu Soga	Director, Executive Officer Chief Financial Officer (CFO)
Nick Priday	Director, Executive Officer Deputy Chief Financial Officer (Deputy CFO)
Wendy Clark	Director, Executive Officer for Dentsu International
Gan Matsui	Director
Izumi Okoshi	Director, Audit and Supervisory Committee Member (full-time)
Toshiaki Hasegawa	Director, Audit and Supervisory Committee Member
Kentaro Koga	Director, Audit and Supervisory Committee Member
Etsuko Katsu	Director, Audit and Supervisory Committee Member
Simon Laffin	Director, Audit and Supervisory Committee Member

(Notes)

1. Mr. Toshihiro Yamamoto, Representative Director, resigned from his position as President & CEO as of December 31, 2021.
2. Mr. Shun Sakurai, Representative Director, resigned from his position as Executive Vice President and Chief Administration Officer (CAO) as of December 31, 2021.
3. Mr. Timothy Andree, Representative Director, resigned from his position as Executive Vice President and Chief Operating Officer (COO) as of December 31, 2021.
4. Mr. Hiroshi Igarashi, Director, has been appointed as President and CEO as of January 1, 2022.
5. Mr. Arinobu Soga, Director, has been appointed as Executive Vice President and CFO as of January 1, 2022.
6. Of the Directors, Mr. Gan Matsui, Mr. Toshiaki Hasegawa, Mr. Kentaro Koga, Ms. Etsuko Katsu, and Mr. Simon Laffin are outside directors pursuant to Article 2, Item 15 of the Companies Act.
7. Of the Directors, Mr. Gan Matsui, Mr. Toshiaki Hasegawa, Mr. Kentaro Koga, Ms. Etsuko Katsu, and Mr. Simon Laffin are designated Independent Directors pursuant to the Tokyo Stock Exchange Securities Listing Regulations.
8. Director who is a member of the Audit and Supervisory Committee Mr. Kentaro Koga has many years of experience as a university professor and a university associate professor (accounting) and an appreciable extent of knowledge on finance and accounting. Director who is a member of the Audit and Supervisory Committee Mr. Simon Laffin is a certified public accountant in Britain and has an appreciable extent of knowledge on finance and accounting.
9. The Company has concluded a contract for limitation of liability with each of Directors Mr. Gan Matsui, Ms. Izumi Okoshi, Mr. Toshiaki Hasegawa, Mr. Kentaro Koga, Ms. Etsuko Katsu, and Mr. Simon Laffin for a maximum liability amount of 10 million yen or the minimum liability amount stipulated in Article 423, Paragraph 1 of the Companies Act, whichever is higher.
10. To work toward further enrichment of the duties of the Audit and Supervisory Committee, the Company designates a full-time member of the Audit and Supervisory Committee, and Director Ms. Izumi Okoshi fulfills this role afterwards.

11. The Company has entered into directors and officers liability insurance (D&O insurance) agreement with an insurance company. The scope of insured persons is directors, executive officers and corporate auditors of the Company and its 36 subsidiaries in Japan, and their heirs. Such insurance covers derivative suit, corporate suit and claims from third parties, but does not cover claims resulting from willful misconduct or gross negligence of directors, executive officers and so forth. The insurance premium is paid in full by the company in which the relevant officer performs his/her duties.

2. Situation of Important Concurrent Posts

Pursuant to laws and regulations and Article 19 of the Company's Articles of Incorporation, the above items are provided to shareholders on the Company's website (<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>).

3. Outline of Policy for Determining the Amount or Calculation Method of Executive Compensation

(1) Basic policy for determining executive compensation

In order to clarify the linkage between executive compensation and Dentsu Group's business performance and corporate value, and to promote the sharing of interests with shareholders and other stakeholders, the Company determines executive compensation under the following policy. This also aims to raise awareness among Executive Officers to contribute to the sustainable growth of the Group and the enhancement of corporate value over the medium to long term.

- Implement a globally competitive compensation system and compensation levels
- Implement a compensation system based on management performance and results. Ensure a balance between fixed compensation and variable compensation

(2) Structure of executive compensation

The Company has set forth the structure of executive compensation, the method used to calculate each component of compensation, and related matters through resolutions of the Board of Directors (including the Group Executive Management Committee, delegated by the Board of Directors) and the Officers Compensation Rules and the Officers Stock Benefit Regulations based on resolutions of the Board of Directors. An overview of the structure of executive compensation is shown below.

1) Structure of executive compensation

Executive compensation is structured as shown below.

Fixed compensation			
Monetary compensation			Stock compensation
a. Basic annual salary	b. Annual bonus	c. Phantom stock (Medium- to long-term bonus)	d. Performance-based stock compensation (Medium- to long-term bonus)

2) Method used to calculate the amount of each component of compensation

An overview of the method used to calculate the amount of each component of compensation is shown below.

a. Basic annual salary

Basic annual compensation consists of a regular (monthly) fixed amount of monetary compensation, paid at a designated time each month. In the case of basic annual salary as Directors' compensation, a fixed amount is paid according to each Director's duties, as set forth in the Company's Officers

Compensation Rules. In the case of basic annual salary as Executive Officers' compensation, the appropriate amount of compensation for each Executive Officers is set in accordance with his or her position, taking into account the Company's corporate value, company size, and compensation level, with reference to the compensation market survey data from an external specialist organization for each fiscal year.

b. Annual bonus

The annual bonus is a performance-based monetary compensation paid to each Executive Officer in accordance with the Officers Compensation Rules, based on the numerical values of the performance indicators shown below for each fiscal year during which he or she is in office. The standard amount of annual bonus to be paid to each Executive Officer in the event that the performance indicators shown below have achieved the target for each fiscal year is the amount of the basic annual compensation for that Executive Officers multiplied by 15%. The standard amount is then used to compute the payment in accordance with the calculation formula stipulated in the Officers Compensation Rules within the range described in 4) below, based on the numerical value of the indicators shown below. The computed amount is paid at a certain time after the Ordinary General Meeting of Shareholders for the relevant fiscal year.

From FY2021 onward, the Company has adopted, as the main performance indicators for calculating annual bonuses, the consolidated underlying operation profit of the Group or the consolidated underlying operating profit of the Company's Japan business (both of which are based on International Financial Reporting Standards (IFRS), the same applies hereinafter), depending on the responsibilities of the officers to whom the bonus is paid. The Company decided to adopt these indicators since they are profit indicators that measure the performance of the Company's businesses on a regular basis, and the Company believes that they are appropriate indicators for evaluating the business results for one year.

From FY2022 onward, in view of the Dentsu Group Mid-Term Management Plan and the challenges that surround companies at present, the Company has decided to establish strategic targets concerning corporate value, which cannot be measured using financial indicators, as non-financial indicators for each fiscal year, as additional performance indicators to supplement the indicators described above in the calculation of annual bonuses. The proportional weight given to the evaluation of non-financial indicators shall be no more than 10% of the total standard value of the annual bonus (15% of the total compensation if the targets are achieved).

c. Phantom stock (medium- to long-term bonus)

Phantom stock (medium- to long-term bonus) is granted as compensation for Executive Officers, concurrently serving as Executive Officers, who reside outside Japan and do not hold securities accounts for managing listed shares in Japan, in place of the basic annual salary, annual bonus and performance-linked stock compensation (medium- to long-term bonus) as compensation for Executive Officers. Executive Officers who are also Directors eligible for the phantom stock (medium- to long-term bonus) shall receive, on a certain date during their term of office, a number of units of the base amount calculated in accordance with the duties they are in charge of divided by the average share price of the Company's common stock on that date. On a certain date after the passage of three consecutive fiscal years with the fiscal year in question as the first fiscal year, the officer will be entitled to receive a cash payment from the Company in an amount equal to the average share price of the Company's common stock on that date multiplied by the number of units granted above.

d. Performance-based stock compensation (medium- to long-term bonus)

Performance-based stock compensation (medium- to long-term bonus) is paid to each Executive Officer in accordance with the Officers Compensation Rules and the Officers Stock Benefit Regulations, based on the numerical values of the performance indicators shown below for each of the three consecutive fiscal years from the fiscal year in which he or she is in office.

Officers eligible for performance-based stock compensation (medium- and long-term bonus) receive, on a certain date during each fiscal year during which they are in office (the “Unit Grant Date”), a standard number of units (equivalent to 50% of basic annual compensation received as an Executive Officer in the relevant fiscal year, divided by the average closing value of the Company’s shares during the month of January in the relevant fiscal year) as consideration for the execution of duties during the relevant fiscal year. In addition, by taking the prescribed procedures by a certain date (the “Vesting Date”) after the passage of three consecutive fiscal years, the first of which is the fiscal year in which the Unit Grant Date falls (the “Performance Evaluation Period”), the grantee may acquire the right to receive delivery of the Company’s shares, etc. from a trust established based on the performance-based stock compensation plan (hereafter the “Trust”) on the Vesting Date. In doing so, the standard number of units granted to each Executive Officer in the said first fiscal year will be adjusted based on the values of the indicators described below, in accordance with the formula stipulated in the Officers Stock Benefit Regulations (hereinafter, the number of units after adjustment are referred to as the “Vested Units”). Thereafter, the relevant Executive Officer may receive delivery of the Company’s shares, etc. from the Trust, in accordance with the number of Vested Units (in principle, the number of the Company’s common shares calculated corresponding to half of the Vested Units and an amount of cash equivalent to the market value of the number of the Company’s common shares calculated corresponding to the remaining half of the Vested Units as of the Vesting Date).

Prior to FY2020, the simple average of the Group’s consolidated organic revenue growth rate over three fiscal years had been used as an indicator for calculating performance-based stock compensation (medium- to long-term bonus). This indicator was selected because it was deemed an appropriate indicator to assess the sustainable growth of the Group and the enhancement of corporate value over the medium to long term.

From FY2021 onward, the Company adopted a combination of total shareholder return (TSR) and the consolidated underlying operating profit of the Dentsu Group as indicators for calculating performance-based stock compensation (medium- to long-term bonus). The Company decided to adopt these indicators because it believes that it is appropriate to use total shareholder return (TSR) as an indicator that aligns officers’ perspectives with those of with shareholders and other stakeholders, and that it is appropriate to use the Group’s consolidated underlying operating profit, which is a profit indicator that measures the performance of the Group’s businesses on a constant basis, as an indicator for evaluating operating results.

3) Ratio of fixed compensation to variable compensation

The ratio of fixed compensation (basic annual salary paid as compensation for Executive Officers) to variable compensation (excluding phantom stock (medium- to long-term bonus)) is approximately 60%:40% when the target is achieved (see 6) below) for each performance indicator for variable compensation. Only phantom stock (medium- to long-term bonus), which is variable compensation, is paid to Directors who concurrently serve as Executive Officers who reside outside Japan and do not hold securities accounts for managing listed shares in Japan, and fixed compensation (basic annual salary received in the capacity of Executive Offices) is not paid.

4) Range of variable compensation

Variable compensation (excluding phantom stock (medium- to long-term bonus)) varies between 0% and 150% of fixed compensation (basic annual salary paid as compensation for Executive Officers). By setting the upper limit of the amount of variable compensation at an amount that exceeds the amount of fixed compensation, and by increasing the proportion of compensation paid in stocks to promote the sharing of interests with shareholders and other stakeholders, the Company intends to strengthen the motivation of officers to realize the sustainable growth of the Group and the medium- to long-term enhancement of corporate value. From FY2022 onward, the Company has determined to raise the upper limit of the amount of annual bonus from 50% to 100% of fixed compensation (basic annual salary paid as compensation for Executive Officers). Accordingly, for FY2022 onward, variable compensation (excluding phantom stock (medium- to long-term bonus)) will vary between 0% and 200% of fixed compensation (basic annual salary paid as compensation for Executive Officers).

The upper and lower limits of the indices to determine such fluctuation range will be determined by the Board of Directors after consultation with the Compensation Advisory Committee.

(Range of variable compensation (excluding phantom stock (medium- to long-term bonus) from FY2022 onward)

(If the indicators for variable compensation achieve the targets) (Note 1)

Basic annual salary paid as compensation for Executive Officers 100%	Annual bonus 15%	Performance-based stock compensation (Medium- to long-term bonus) 50%	Fixed compensation: 60%
			Variable compensation: 40%

(If the indicators for performance-based stock compensation fall short of the lower limits (or the targets in the case of TSR, which has no lower limits), and indicators for annual bonus fall short of the targets but exceed the lower limits) (Note 2)

Basic annual salary paid as compensation for Executive Officers 100%	Annual bonus 6.75% - 15%	Fixed compensation: 87%-94%
		Variable compensation: 6% - 13%

(If the indicators for performance-based stock compensation fall short of the lower limits (or the targets in the case of TSR, which has no lower limits), and indicators for annual bonus also fall short of the lower limits) (Note 3)

Basic annual salary paid as compensation for Executive Officers 100%	Fixed compensation: 100%	
		Variable compensation: 0%

(If the indicators for variable compensation exceed the upper limits) (Note 4)

Basic annual salary paid as compensation for Executive Officers 100%	Annual bonus 100%	Performance-based stock compensation (Medium- to long-term bonus) 100%	Fixed compensation: 33%
			Variable compensation: 67%

- Notes: 1. In this case, in FY2021 as well, the annual bonus would be equivalent to 15% of basic annual salary paid as compensation for Executive Officers, and performance-based stock compensation (medium- to long-term bonus) would be equivalent to 50% of basic annual salary paid as compensation for Executive Officers.
2. In this case, in FY2021, the annual bonus and performance-based stock compensation (medium- to long-term bonus) would not be paid.
3. In this case, in FY2021 as well, the annual bonus and performance-based stock compensation (medium- to long-term bonus) would not be paid.
4. In this case, in FY2021, the annual bonus would be equivalent to 50% of basic annual salary paid as compensation for Executive Officers, and performance-based stock compensation (medium- to long-term bonus) would be equivalent to 100% of basic annual salary paid as compensation for Executive Officers.

5) Officers eligible for each component of compensation

The components of executive compensation applicable for each type of Director are shown in the table below.

(Legend: Y = applicable; N = not applicable)

	Fixed compensation	Variable compensation		
	Monetary compensation			Stock compensation
	Basic annual salary	Annual bonus	Phantom stock (Medium-to long-term bonus)	Performance-based stock compensation (Medium- to long-term bonus)
a. Internal Director who is not an Audit and Supervisory Committee Member (who is not below b.)	Y (Note 1)	Y (Note 2)	N	Y (Note 2)
b. Internal Director who is not an Audit and Supervisory Committee Member (limited to those who concurrently serve as Executive Officers who reside outside Japan and do not hold securities accounts for managing listed shares in Japan)	Y (Note 3)	N	Y	N
c. Outside Director who is not an Audit and Supervisory Committee Member	Y	N	N	N
d. Internal Director who is an Audit and Supervisory Committee Member	Y	N	N	N
e. Outside Director who is an Audit and Supervisory Committee Member	Y	N	N	N

(Notes) 1. Basic annual salary paid as compensation for Executive Officers is limited to those who concurrently serve as Executive Officers.

2. Among internal Directors who are not Audit and Supervisory Committee Members, limited to those who concurrently serve as Executive Officers.

3. Basic annual salary paid is limited to compensation as Director.

6) Indicator targets

The performance indicator targets used to determine variable compensation (excluding phantom stock (medium-to long-term bonus) shall be set by the Board of Directors after consultation with the Compensation Advisory Committee, based on the macro- and micro-economic environment and the Company's business environment.

As indicators for annual bonuses in fiscal 2021, the targets for the Group's consolidated underlying operating profit and the consolidated underlying operating profit of Company's domestic businesses are 125.2 billion yen and 64.0 billion yen, respectively, and the actual figures are 179.0 billion yen and 95.3 billion yen, respectively.

Prior to fiscal 2020, the target simple average of the Group's consolidated organic revenue growth rate over three fiscal years, used as an indicator for performance-based stock compensation (medium- to long-term bonus), was 3%. In contrast, the actual value of this indicator for performance-based stock compensation (medium- to long-term bonuses) for fiscal 2019 was 0.33%. As three fiscal years have not yet passed for the performance-based stock compensation (medium- to long-term bonus) for fiscal 2020, there are no actual figures for this indicator. The Group's consolidated organic revenue growth rate for fiscal 2020 and fiscal 2021 was -11.1% and 13.1%, respectively.

From fiscal 2021 onward, the indicator targets for performance-based stock compensation (medium- to long-term bonus) are as follows. As three fiscal years have not yet passed, there are no actual values for such indicators. The actual values of each indicator for fiscal 2021 are listed for reference.

Indicator	Target	Composition (Note 1)	Actual figure (FY2021)
Total shareholder return (TSR)	VS. Tokyo Stock Price Index (TOPIX) *including dividends Base target 100% Upper limit 110%	30%	109.1%
	VS. Average total shareholder return (TSR) for peer group (Note 2) Base target 100% Upper limit 110%	20%	76.9%
Consolidated underlying operating profit of the Dentsu Group	Compound annual growth rate (CAGR) Base target 8.25% Upper limit 14.5%	50%	44.4%

(Notes) 1. These are the proportions of the amounts that would compose performance-based stock compensation (medium- to long-term bonus) if the values of all indicators meet the base targets.

2. A peer group of six companies has been selected, comprising WPP plc, Omnicom Group Inc., Publicis Groupe S.A., INTERPUBLIC GROUP OF COMPANIES, INC., Accenture PLC, and Hakuholdo DY Holdings Inc., which are competitors of the Dentsu Group.

(3) Maximum amount of payment

The maximum amount of executive compensation to be paid is as follows.

1) Monetary compensation (basic annual salary, annual bonus, phantom stock (medium-to long-term bonus))

The upper limit of the total amount of financial compensation for Directors who are not Audit and Supervisory Committee Members (including compensation received in the capacity of an Executive Officer, for Directors who concurrently serve as Executive Officers) was resolved to be 1.2 billion yen per year (including an annual amount of 18 million yen for outside directors) by the 167th Ordinary General Meeting of Shareholders (March 30, 2016). There are five Directors who are not Audit and Supervisory Committee Members who are subject to this resolution of the Ordinary General Meeting of Shareholders.

The upper limit of the total amount of financial compensation for Directors who are Audit and Supervisory Committee Members was resolved to be 150 million yen per year at the 167th Ordinary General Meeting of Shareholders (March 30, 2016). There are four Directors who are Audit and Supervisory Committee Members who are subject to this resolution of the Ordinary General Meeting of Shareholders.

2) Stock compensation (performance-based stock compensation (medium- to long-term bonus))

With regard to stock compensation for internal Directors who are not Audit and Supervisory Committee Members (limited to those who concurrently serve as Executive Officers; the same applies hereinafter in this item), it was resolved by the 170th Ordinary General Meeting of Shareholders (March 28, 2019) that the maximum amount of cash to be contributed by the Company each fiscal year to fund the acquisition of shares of the Company's common stock to be acquired through the Trust established under the performance-based stock compensation plan shall be 900 million yen, and the maximum number of shares of common stock to be delivered to internal Directors who are not Audit and Supervisory Committee members each fiscal year shall be 360,000 shares. There are seven Directors who are not Audit and Supervisory Committee Members who are subject to this resolution of the Ordinary General Meeting of Shareholders.

4. Total Amount of Compensation for Directors

		Number	Total amount of compensation (million yen)	Total amount by type of compensation (million yen)			
				Fixed compensation	Variable compensation		
				Monetary compensation			Stock compensation
				Basic annual salary	Annual bonus	Phantom stock (medium-to long-term bonus)	Performance-linked stock compensation (medium-to long-term bonus)
Directors who are not members of the Audit and Supervisory committee	Internal	7 [7]	742 [682]	288 [228]	124 [124]	15 [15]	315 [315]
	Outside	1	15	15	-	-	-
Directors who are members of the Audit and Supervisory Committee	Internal	1	36	36	-	-	-
	Outside	4	60	60	-	-	-

- (Notes) 1. Some of the internal Directors who are not members of the Audit and Supervisory Committee concurrently serve as Executive Officers. The portion of the compensation amounts corresponding to compensation for these Directors in their capacity as Executive Officers is shown in square brackets[] above.
2. The amount of phantom stock (medium- and long-term bonuses) and performance-linked stock compensation (medium-to long-term bonus) shown in the above table represents the amount expensed in the current fiscal year.
3. The Audit and Supervisory Committee checked the determination policy, the approach, and the deliberation process for Directors' compensation, which had been reported to the Board of Directors by the Compensation Advisory Committee (see 5. below for details) on reference from the Board of Directors. No significant issues were found.
4. Mr. Simon Laffin, Director who is a member of the Audit and Supervisory Committee, concurrently serves as Chairman of the Audit Committee at Dentsu International Limited, a subsidiary of the Company, and received 53,206 pounds as compensation from the company during FY2021.

5. Authority to Determine the Amount or Calculation Method of Executive Compensation (including the Policy for the Determination Thereof) and the Activities of the Board of Directors, Committees, etc.

(1) Authority

The Company has established the Compensation Advisory Committee as an advisory organization to the Board of Directors, to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to the determination of compensation for Directors and Executive Officers, and to further enhance the corporate governance structure. The Compensation Advisory Committee is composed of three or more Directors or external experts elected by resolution of the Board of Directors. A majority of the committee members are independent Outside Directors, and the committee is chaired by an independent Outside Director selected by resolution of the Board of Directors from among the committee members, thus ensuring independence.

Regarding the policy for determining the amount of compensation for individual Directors who are not Audit and Supervisory Committee Members (including compensation received in the capacity of Executive Officers for those who concurrently serve as Executive Officers), a policy proposal is submitted by the Board of Directors to the Compensation Advisory Committee, which deliberates on the proposal and reports back to the Board of Directors on the results of its deliberations. The policy is then decided by the Board of Directors based on this report.

Regarding the policy for determining the amounts of compensation for individual Directors who are not Audit and Supervisory Committee Members (including compensation received in the capacity of Executive Officers for those who concurrently serve as Executive Officers), compensation proposals are submitted by the Board of Directors to the Compensation Committee, which deliberates on the proposals and reports back to the Board of Directors on the results of its deliberations. The amounts of compensation are then decided by the Board of Directors based on this report, within the compensation limits established by resolution of the General Meeting of Shareholders, and after disclosure of the individual compensation amounts.

The amounts of compensation for individual Directors who are Audit and Supervisory Committee Members are determined through discussions among Directors who are Audit and Supervisory Committee Members, within the compensation limits established by resolution of the General Meeting of Shareholders.

(2) Activities of the Board of Directors, committees, etc.

In FY2021, the Board of Directors deliberated on the amounts and other details of compensation for Directors who are not Audit and Supervisory Committee Members (including the amount of compensation received in the capacity of Executive Officers for those who concurrently serve as Executive Officers), executive compensation, then submitted a proposal to the Compensation Advisory Committee, which deliberated on the proposal and reported back to the Board of Directors on the results of its deliberations. The Board of Directors then decided on the amounts and other details of the relevant executive compensation.

In FY 2021, the Compensation Advisory Committee is composed of eight members (of whom five are independent Outside Directors), including four Directors who are Audit and Supervisory Committee Members, one Director who is not an Audit and Supervisory Committee Member, one Representative Director, President and CEO, and two Representative Directors, Executive Vice Presidents, met seven times. The main matters referred to the Compensation Advisory Committee by the Board of Directors in FY2021 were as follows. Deliberations were conducted by the Compensation Advisory Committee seven times.

(Main matters deliberated)

- Deliberation and report on the level and composition of compensation
- Deliberation and report on revisions to the compensation rules
- Deliberation and report on proposals for compensation individual Directors and Executive Officers

The Compensation Advisory Committee deliberates based on materials concerning specific calculations, etc. in accordance with the decision-making policy described in 3 (2) above and reports to the Board of Directors. The Board of Directors has confirmed that the method of determining the content of compensation and the content of compensation for Directors who are not members of the Audit and Supervisory Committee (including compensation for Executive Officers who also serve as Directors) for which a report was made are consistent with the above decision-making policy. Therefore, the Board of Directors has determined that the content of individual compensation for Directors who are not members of the Audit Committee for the current fiscal year is in line with the above decision policy.

6. Items Related to Outside Directors

(1) Status of Major Activities in the Fiscal Year under Review and Overview of Duties Performed in relation to the Roles Expected to Be Fulfilled by Outside Directors

Pursuant to laws and regulations and Article 19 of the Company's Articles of Incorporation, the above items are provided to shareholders on the Company's website (<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>).

(2) Important Con-current Posts and Relationship with Dentsu

Pursuant to laws and regulations and Article 19 of the Company's Articles of Incorporation, the above items are provided to shareholders on the Company's website (<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>).

IV Items Related to the Accounting Auditor

Pursuant to laws and regulations and Article 19 of the Company's Articles of Incorporation, the above items are provided to shareholders on the Company's website (<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>).

V Company System and Policy

Pursuant to laws and regulations and Article 19 of the Company's Articles of Incorporation, the above items are provided to shareholders on the Company's website (<https://www.group.dentsu.com/en/ir/stockandratings/shareholdersmeeting.html>).

Amounts in this business report less than one full unit have been rounded down.

Consolidated Statement of Financial Position

(As of December 31, 2021)

(Unit: Million yen)

Assets		Liabilities and Equity	
Account item	Amount	Account item	Amount
Current assets	2,343,115	Current liabilities	1,971,873
Cash and cash equivalents	723,541	Trade and other payables	1,465,110
Trade and other receivables	1,500,020	Borrowings	93,067
Inventories	20,661	Other financial liabilities	99,087
Other financial assets	19,455	Income tax payables	60,960
Other current assets	66,376	Provisions	16,059
Non-current assets classified as held for sale	13,059	Other current liabilities	237,587
Non-current assets	1,377,421	Non-current liabilities	839,188
Property, plant and equipment	173,681	Corporate bonds and borrowings	486,122
Goodwill	670,749	Other financial liabilities	204,966
Intangible assets	187,999	Liability for retirement benefits	30,201
Investment property	100	Provisions	37,340
Investments accounted for using the equity method	56,423	Other non-current liabilities	12,009
Other financial assets	205,956	Deferred tax liabilities	68,547
Other non-current assets	18,243	Total liabilities	2,811,062
Deferred tax assets	64,266	Total equity attributable to owners of the parent	845,034
		Share capital	74,609
		Share premium account	77,864
		Treasury shares	(64,603)
		Other components of equity	81,423
		Retained earnings	675,739
		Non-controlling interests	64,440
		Total equity	909,474
Total assets	3,720,536	Total liabilities and equity	3,720,536

Consolidated Statement of Income
(From January 1, 2021 to December 31, 2021)

(Unit: Million yen)

Account item	Amount
Turnover (Note)	5,256,492
Revenue	1,085,592
Cost	109,014
Revenue less cost of sales	976,577
Selling, general and administrative expenses	833,914
Reversal of allowance for doubtful accounts	580
Business restructuring cost	19,516
Gain on sale and retirement of non-current assets	118,960
Impairment profit	1,353
Other income	8,445
Other expenses	7,938
Operating profit	241,841
Share of results of associates	2,448
Gain on sales of shares of associates	35
Profit before interest and tax	244,325
Finance income	4,749
Finance costs	40,240
Profit before tax	208,833
Income tax expense	93,979
Profit for the year	114,853
Profit attributable to:	
Owners of the parent	108,389
Non-controlling interests	6,463

(Note) Turnover represents the total amount billed and billable to clients by the Group, net of discounts, VAT and other sales-related taxes. Disclosure of turnover information is not required under IFRS; however, it is voluntarily disclosed in the Consolidated Statement of Income since management has concluded the information is useful for users of financial statements.

Consolidated Statement of Changes in Equity

(From January 1, 2021 to December 31, 2021)

(Unit: Million yen)

	Total equity attributable to owners of the parent					
	Share capital	Share premium account	Treasury shares	Other components of equity		
Exchange differences on translation of foreign operations				Effective portion of the change in the fair value of cash flow hedges	Net change in financial assets designated as at fair value through other comprehensive income	
As of January 1, 2021	74,609	75,596	(34,592)	3,162	(5,398)	44,026
Cumulative effects of changes in accounting policies				425		
Restated balance	74,609	75,596	(34,592)	3,588	(5,398)	44,026
Profit for the year						
Other comprehensive income				27,876	17,597	(1,991)
Comprehensive income for the year	-	-	-	27,876	17,597	(1,991)
Repurchase of treasury shares			(30,010)			
Dividends						
Transactions with non-controlling interests						
Transfer from other components of equity to retained earnings						(4,275)
Other changes		2,267				
Transactions with owners – total	-	2,267	(30,010)	-	-	(4,275)
As of December 31, 2021	74,609	77,864	(64,603)	31,465	12,199	37,759

(Unit: Million yen)

	Total equity attributable to owners of the parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total	Retained earnings			
As of January 1, 2021	-	41,790	599,466	756,870	63,483	820,353
Cumulative effects of changes in accounting policies		425	(16,474)	(16,048)		(16,048)
Restated balance		42,216	582,991	740,821	63,483	804,305
Profit for the year		-	108,389	108,389	6,463	114,853
Other comprehensive income	(105)	43,376		43,376	(1,515)	41,861
Comprehensive income for the year	(105)	43,376	108,389	151,766	4,948	156,715
Repurchase of treasury shares		-		(30,010)		(30,010)
Dividends		-	(20,888)	(20,888)	(2,541)	(23,430)
Transactions with non-controlling interests		-	197	197	(1,383)	(1,186)
Transfer from other components of equity to retained earnings	105	(4,169)	4,169	-		-
Other changes		-	879	3,146	(65)	3,081
Transactions with owners – total	105	(4,169)	(15,642)	(47,554)	(3,990)	(51,545)
As of December 31, 2021	-	81,423	675,739	845,034	64,440	909,474

Nonconsolidated Balance Sheet

(As of December 31, 2021)

(Unit: Million yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	423,434	Current liabilities	235,948
Cash and deposits	389,719	Short-term loans payable	178,145
Short-term loans receivable from subsidiaries and associates	26,200	Current portion of long-term loans payable	30,000
Prepaid expenses	2,794	Other payables	5,501
Other	8,038	Accrued expenses	1,243
Allowance for doubtful accounts	(3,317)	Income taxes payable	16,541
		Provision for directors' bonuses	124
		Provision for share-based remuneration	70
		Other	4,321
Non-current assets	754,252	Non-current liabilities	242,587
Property, plant and equipment	8,116	Bonds payable	200,000
Buildings, net	2,736	Long-term loans payable	31,500
Structures, net	0	Provision for share-based remuneration	1,595
Vehicles, net	3	Asset retirement obligation	863
Tools, furniture and fixtures, net	746	Deferred tax liabilities	6,981
Land	4629	Deferred tax liabilities for land revaluation	1,092
		Other	554
Intangible assets	295		
Software	294	Total liabilities	478,536
Other	1		
		Net Assets	
Investments and other assets	745,839	Shareholders' equity	643,401
Investment securities	121,641	Capital stock	74,609
Shares of subsidiaries and associates	340,601	Capital surplus	81,991
		Legal capital surplus	76,541
Investments in other securities of subsidiaries and associates	58,999	Other capital surplus	5,449
		Retained earnings	550,832
Investments in capital of subsidiaries and associates	15,471	Legal retained earnings	722
		Other retained earnings	550,109
Long-term loans receivable from subsidiaries and associates	200,580	General reserve	420,500
Other	8,592	Retained earnings brought forward	129,609
Allowance for doubtful accounts	(46)	Treasury shares	(64,031)
		Valuation and translation adjustments	55,748
		Valuation difference on available-for-sale securities	53,317
		Revaluation reserve for land	2,431
Total assets	1,177,686	Total net assets	699,150
		Total liabilities and net assets	1,177,686

Nonconsolidated Statement of Income

(From January 1, 2021 to December 31, 2021)

(Unit: Million yen)

Account item	Amount	
Operating revenue		34,897
Operating expenses		28,066
Operating income		6,830
Non-operating income		
Interest and dividend income	2,144	
Gain on investments in investment partnerships	3,090	
Other	202	5,437
Non-operating expenses		
Interest expenses	808	
Interest on bonds	628	
Provision of allowance for doubtful accounts	3,102	
Other	711	5,250
Ordinary income		7,017
Extraordinary income		
Gain on sales of non-current assets	167,263	
Other	1,416	168,679
Extraordinary loss		
Business transformation costs	1,273	
Loss on sales of investment securities	815	
Loss on valuation of investment securities	1,268	
Loss on valuation of shares of subsidiaries and associates	535	
Other	95	3,989
Income before income taxes		171,708
Income taxes-current	44,999	
Income taxes-deferred	3,767	48,767
Net income		122,940

Nonconsolidated Statement of Changes in Net Assets

(From January 1, 2021 to December 31, 2021)

(Unit: Million yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
As of January 1, 2021	74,609	76,541	5,449	81,991
Changes of items during the period				
Dividends from retained earnings				-
Reversal of reserve for advanced depreciation of non-current assets				-
Reversal of general reserve				-
Net income				-
Reversal of revaluation reserve for land				-
Purchase of treasury shares				-
Changes in items other than shareholders' equity during the period – net				-
Total changes of items during the period	-	-	-	-
As of December 31, 2021	74,609	76,541	5,449	81,991

	Shareholders' equity							
	Retained earnings						Treasury shares	Total shareholders' equity
	Other retained earnings				Retained earnings brought forward	Total retained earnings		
	Legal retained earnings	Reserve for advanced depreciation of non-current assets	General reserve	Total retained earnings				
As of January 1, 2021	722	1,648	445,500	8,090	455,961	(34,021)	578,541	
Changes of items during the period								
Dividends from retained earnings				(20,917)	(20,917)		(20,917)	
Reversal of reserve for advanced depreciation of non-current assets		(1,648)		1,648	-		-	
Reversal of general reserve			(25,000)	25,000	-		-	
Net income				122,940	122,940		122,940	
Reversal of revaluation reserve for land				(7,152)	(7,152)		(7,152)	
Purchase of treasury shares					-	(30,010)	(30,010)	
Changes in items other than shareholders' equity during the period – net					-		-	
Total changes of items during the period	-	(1,648)	(25,000)	121,518	94,870	(30,010)	64,860	
As of December 31, 2021	722	-	420,500	129,609	550,832	(64,031)	643,401	

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
As of January 1, 2021	42,604	(4,721)	37,883	616,425
Changes of items during the period				
Dividends from retained earnings			-	(20,917)
Reversal of reserve for advanced depreciation of non-current assets			-	-
Reversal of general reserve			-	-
Net income			-	122,940
Reversal of revaluation reserve for land			-	(7,152)
Purchase of treasury shares			-	(30,010)
Changes in items other than shareholders' equity during the period – net	10,712	7,152	17,865	17,865
Total changes of items during the period	10,712	7,152	17,865	82,725
As of December 31, 2021	53,317	2,431	55,748	699,150

Independent Auditor's Report

February 24, 2022

The Board of Directors
Dentsu Group Inc.

KPMG AZSA LLC

Hideaki Koyama (Seal)

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

[Kentaro Maruta](#) (Seal)

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Shuji Ezawa (Seal)

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to the consolidated financial statements of Dentsu Group Inc. (the "Company") for the fiscal year from January 1, 2021 through December 31, 2021.

In our opinion, the above consolidated financial statements, prepared with the omission of some disclosure items required under the International Financial Reporting Standards in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Regulation on Corporate Accounting which allows companies to prepare consolidated financial statements with the omission of some disclosure items required under International Financial Reporting Standards, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company or its consolidated subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act, and the translation is done by the Company.

Independent Auditor's Report

February 24, 2022

The Board of Directors
Dentsu Group Inc.

KPMG AZSA LLC

[Hideaki Koyama](#) (Seal)

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

[Kentaro Maruta](#) (Seal)

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

[Shuji Ezawa](#) (Seal)

Designated Limited Liability Partner

Engagement Partner

Certified Public Accountant

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of Dentsu Group Inc. (the "Company") for the 173rd fiscal year from January 1, 2021 through December 31, 2021.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act, and the translation is done by the Company.

Audit Report

We have created this Audit Report based on the unanimous opinions of all Audit and Supervisory Committee Members, concerning the Directors' execution of their duties over the Company's 173rd fiscal year between January 1, 2021 and December 31, 2021. The Audit Report is as follows.

1. Methods and contents of the audits undertaken by the Audit and Supervisory Committee

We have, in addition to setting out the guiding principles for undertaken audits, allocating audit-related duties, etc., and receiving reports from each Audit and Supervisory Committee Member on the implementation status and results of their audits, also received reports from Directors, Executive Officers, and Accounting Auditors on the execution status of their duties, and requested explanations of them as necessary.

The Audit and Supervisor Committee has communicated with Directors and Executive Officers in accordance with the Audit and Supervisory Committee's Standards and in accordance with the Audit Plan which was established through consultations among all Audit and Supervisory Committee Members, made all efforts to gather information and maintain an appropriate environment for the audit, and audited Directors and Executive Officers' execution of their duties so as to ensure their compliance with the law and the sound management of the Company.

(1) Methods and contents of the audit relating to the Business Report

In addition to attending the Board of Directors Meeting, other important meetings and committees, we have received reports from the Directors, Executive Officers, and others on the execution status of their duties, requested explanations of them as necessary, inspected important documents, etc., received regular reports from the Internal Audit team and Legal Affairs team, and surveyed the state of operations and assets at the Company, including the internal control systems such as the structure for legal compliance and other areas and the risk management structure.

With regard to internal control systems, we have received regular reports from the Directors, Executive Officers, and others on the status of the establishment and operation of structures, requested explanations as necessary, and expressed our opinion on the contents of resolutions passed at Board of Directors' meetings on matters set out in Article 399-13, Paragraph 1, Item 1(b) and (c) of the Companies Act and the structures which are being maintained based on the resolutions in question, based on the Guidelines for the Audit and Supervisory Committee's Implementation of Audits of Internal Control Systems established through consultations among all Audit and Supervisory Committee Members.

In addition, with regard to internal controls related to the Financial Report, we have received reports from the Directors, Executive Officers, and others as well as from Accounting Auditors on the evaluation of the internal controls in question and on the status of the audit, and have requested explanations as necessary.

From the perspective of auditing the Dentsu Group as a whole, we have received reports from the audit committees of subsidiary organizations which are in charge of domestic and overseas respectively after establishing a system for auditing the entire group by the Audit and Supervisory Committee and the audit committees. In addition, we attended the relevant committee meetings and have communicated with the Directors, Auditors, and other officers of major subsidiary companies, etc., conveyed information on a mutual basis, exchanged opinions and received reports from the Internal Audit team on the status of audits of Group companies.

We have also requested the Directors to submit confirmation letters of Directors' execution of duties concerning competitive transactions by Directors, transactions where there is a conflict of interest between the Director and the Company, any property benefits provided by the Company without charge, any transactions with subsidiary companies or shareholders which fall outside regular practices and the acquisition and disposal, etc., of treasury shares, and have surveyed these letters.

(2) Methods and contents of audits concerning financial statements, annexed specifications, and consolidated financial statements

In addition to the above, we have monitored and verified the Accounting Auditors to ascertain whether they have maintained an independent position and carried out their audits appropriately, while receiving reports from Accounting Auditors on the execution status of their duties and requesting explanations on an as-needed basis. We have also received notifications from the Accounting Auditors stating that the structures intended to ensure that duties are carried out appropriately (i.e., the items set out in the company accounting regulations) have been maintained appropriately in accordance with the Quality Management Standards for Audits, and requested explanations as necessary.

Based on the above methods, we have added our reviews to the Business Report and annexed specifications for the fiscal year in question, the financial statements for the fiscal year in question (comprising the balance sheet,

statement of income, statement of changes in net assets, and notes to financial statements) and their annexed specifications, and to the consolidated financial statements (comprising the consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements, prepared in accordance with stipulations of Article 120, Paragraph 1 of the Ordinance on Company Accounting, which allow for preparation with the omission of a portion of items required for disclosure by International Financial Reporting Standards), and have reviewed the Accounting Auditors' methods and results.

2. Audit results

(1) Results of the audit of the Business Report

- 1) We recognize the Business Report and annexed specifications as being in accordance with the law and regulations, and as representing the situation of the company correctly.
- 2) We do not consider that any fraudulent acts or major violations of the law or regulations have been committed by the Directors in the execution of their duties, including in any duties concerning subsidiary companies, etc.
- 3) We recognize the contents of the resolutions formed by the Board of Directors regarding the internal control systems as being appropriate. We do not recognize any items which require special mention regarding the contents of the Business Report concerning the internal control systems in question nor Directors' execution of duties, including the internal control systems for financial statements.

(2) Results of the audit of financial statements and annexed specifications and consolidated financial statements

We recognize the methods and results of KPMG AZSA LLC, the limited liability audit corporation carrying out the audit as being appropriate.

February 24, 2022

Dentsu Group Inc. Audit and Supervisory Committee

Full-time Audit and Supervisory Committee Member
Izumi Okoshi

Audit and Supervisory Committee Member
Toshiaki Hasegawa

Audit and Supervisory Committee Member
Kentaro Koga

Audit and Supervisory Committee Member
Etsuko Katsu

Audit and Supervisory Committee Member
Simon Laffin

(Note) Audit and Supervisory Committee Member Toshiaki Hasegawa, Audit and Supervisory Committee Member Kentaro Koga, Audit and Supervisory Committee Member Etsuko Katsu and Audit and Supervisory Committee Member Simon Laffin are Outside Directors pursuant to Article 2, Item 15 and Article 331, Paragraph 6 of the Company Act.

Shareholders' Memo

Fiscal year	January 1 to December 31	Administrator of the shareholders' register	Mitsubishi UFJ Trust and Banking Corporation
Record date	December 31 (year-end dividend) June 30 (interim dividend)	Agency administrating special accounts	Mitsubishi UFJ Trust and Banking Corporation
Trading unit	100 shares	Method of displaying public notices	Published in The Nikkei newspaper
Listing	First Section of the Tokyo Stock Exchange		

Information concerning the buyback and additional purchase system for numbers of shares less than one trading unit (fractional shares)

Numbers of shares less than one trading unit (hereinafter "fractional shares") cannot be traded on the stock exchange, so the Company has prepared the following system for those shareholders who wish to dispose of fractional shares.

Please inquire at the brokerage firm or other agency where you opened your account. Where the fractional shares are held in a special account, please direct inquiries to the agency administrating special accounts.

- Buyback of fractional shares
Fractional shares may be sold back to the Company.
- Additional purchase of fractional shares
Additional fractional shares may be purchased from the Company to bring the total number of fractional shares up to one trading unit (100 shares), and combined into one trading unit.

Administrator of the shareholders' register (contact details)	Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department 1-1 Nikkocho, Fuchu-shi, Tokyo Phone: 0120-232-711 (toll-free, reception hours: 9:00 AM to 5:00 PM excluding weekends and public holidays) Postal address: Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department P.O. Box 29, Shin Tokyo Post Office 137-8081
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Agency administrating special accounts	Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department 1-1 Nikkocho, Fuchu-shi, Tokyo Phone: 0120-232-711 (toll-free, reception hours: 9:00 AM to 5:00 PM excluding weekends and public holidays) Postal address: Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department P.O. Box 29, Shin Tokyo Post Office 137-8081
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Share-related inquiries

- Shares held in an account at a brokerage firm or other agency
Please inquire at the brokerage firm or other agency where you opened the account.
The administrator of the shareholders' register cannot respond to these inquiries.
- Shares held in a special account
Please contact the agency administrating special accounts.
- Unclaimed dividends and mail from the Company
Please contact the administrator of the shareholders' register

General Meeting of Shareholders venue access map

Venue: Belle Salle Shiodome

B1, Sumitomo Realty & Development Shiodome Hamarikyu Building
 8-21-1, Ginza, Chuo-ku, Tokyo

Staff will be positioned along the route through the **underground walkway** from the direction of Shimbashi Station to guide you.

Shimbashi Station (10 minutes by foot)

- JR Karasumori Exit or Shiodome Exit
- Toei Asakusa Line JR Shimbashi Station Shiodome underground gate
- Tokyo Metro Gate for JR Line Ginza Line

Shiodome Station (5 minutes by foot)

- Toei Exit for Shimbashi Station Oedo Line

< Inquiries regarding the General Meeting of Shareholders >

Dentsu Group Inc.

1-8-1, Higashi-shimbashi, Minato-ku, Tokyo 105-7050
 Phone: 03-6216-8950

- Requests: * Please refrain from traveling to the meeting by car, as heavy traffic is expected in the roads and car parks in the vicinity of the venue on the day.
- * No gifts or souvenirs have been prepared for shareholders who attend the General Meeting of Shareholders. We request your understanding in this matter.

